

TANGIPAHOA PARISH GOVERNMENT

Amite, Louisiana

ANNUAL FINANCIAL REPORT

As of and for the Year Ended

December 31, 2018

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LAURA GRAY

CERTIFIED PUBLIC ACCOUNTANT

WWW.LAURAGRAYCPA.COM

601 COURTNEY DRIVE
P. O. Box 1391
AMITE, LOUISIANA 70422

PHONE (985) 748-9067
FAX (985) 748-4370
E-MAIL: LG@LAURAGRAYCPA.COM

INDEPENDENT AUDITOR'S REPORT

To the Parish President and Members
of the Tangipahoa Parish Council
Tangipahoa Parish Government
Amite, Louisiana

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, each major fund, the fiduciary fund, the blended component units, the aggregate discretely presented component units, and the aggregate remaining fund information of the Tangipahoa Parish Government, Louisiana (Parish) as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Parish's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Basis for Adverse Opinion

The financial statements referred to above include only the primary government of the Tangipahoa Parish Government, which consists of all funds, organizations, institutions, agencies, departments, and offices that comprise the Parish's legal entity, blended component units, and ten legally separate component units. The financial statements do not include financial data for all of the Parish's legally separate component units. Accounting principles generally accepted in the United States of America require the financial data for Parish's legally separate component units to be reported with the financial data of the Parish's primary government. The amount by which this departure would affect the assets, liabilities, net position, revenues, and expenses of the government-wide financial statements has not been determined.

Adverse Opinion

In my opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion" paragraph, the financial statements referred to above do not present fairly, the financial position of the reporting entity of the Tangipahoa Parish Government, Louisiana, as of December 31, 2018, or the changes in financial position thereof for the year then ended.

In addition, in my opinion, because the omission of the financial statements of the remaining component units results in an incomplete presentation, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the aggregate discretely presented component units of the Tangipahoa Parish Government, as of December 31, 2018, or the changes in financial position thereof for the year then ended.

Unmodified Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, the fiduciary fund, the blended component units, and the aggregate remaining fund information of the primary government of the Tangipahoa Parish Government, Louisiana, as of December 31, 2018, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis found on pages 7 through 12, budgetary comparison information, schedule of changes in the Parish's net OPEB liability and related ratios, and the schedules of the Parish's share of net pension liability and contributions found on pages 68 through 73 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the required supplementary information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Parish's basic financial statements. The schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Audits of States, Local Governments and Non-Profit Organizations, the financial data schedule - Section 8 Housing Choice Voucher program, and the schedule of compensation, benefits, and other payments to agency head are presented for purposes of additional analysis and is not a required part of the basic financial statements of the Tangipahoa Parish Government.

The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Audits of States, Local Governments and Non-Profit Organizations, the financial data schedule - Section 8 Housing Choice Voucher program , and the schedule of compensation, benefits, and other payments to agency head are 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Audits of States, Local Governments and Non-Profit Organizations, the financial data schedule - Section 8 Housing Choice Voucher program, and the schedule of compensation, benefits, and other payments to agency head are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, I have also issued my report, dated June 27, 2019, on my consideration of the Parish's internal control over financial reporting and on my 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 my 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 Parish's internal control over financial reporting and compliance.


Certified Public Accountant

June 27, 2019

Required Supplementary Information (Part I)

TANGIPAOA PARISH GOVERNMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended December 31, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Tangipahoa Parish Government's (Parish) financial performance provides an overview of the Parish's financial activities for the fiscal year ended December 31, 2018, with comparisons to the prior year, where appropriate.

Since Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes, and currently known facts, please read it in conjunction with the Parish's financial statements, which begin on page 14.

FINANCIAL HIGHLIGHTS

The Parish's net position from government activities increased approximately \$7.1 million as a result of this year's operations.

Total cost of all of the Parish's programs was in excess of \$49 million in 2018.

USING THIS ANNUAL REPORT

This discussion and analysis is intended to serve as an introduction to Tangipahoa Parish Government's basic financial statements. This annual report consists of a series of financial statements. The Parish's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements. The Statement of Net Position and the Statement of Activities (on pages 14 and 15) provide information about the activities of the Parish as a whole and present a longer-term view of the Parish's finances. Fund financial statements start on page 16. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Parish's operations in more detail than the government-wide statements by providing information about the Parish's most financially significant funds.

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities

Our analysis of the Parish as a whole begins on page 7. One of the most important questions asked about the Parish's finances is "Is the Parish as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the Parish as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Parish's *net position* and changes to them. You can think of the Parish's net position, the difference between assets, what the citizens own, and liabilities, what the citizens owe, as one way to measure the Parish's financial health, or *financial position*. Over time, increases or decreases in the Parish's net position are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the Parish's property tax base and the condition of the Parish's capital assets (roads, bridges, buildings, and sewer lines) to assess the *overall health* of the Parish.

TANGIPAHOA PARISH GOVERNMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended December 31, 2018

The Condensed Statement of Activities and Changes In Net Position, reports on the Parish's governmental activities:

- Governmental activities: most of the Parish's basic services are reported here, including road & bridge construction and maintenance, road lighting, landfill operations, health offices, animal control, low income housing (Section 8), and general administration. The Parish's one percent sales tax, property taxes, and state and federal grants finance most of these activities.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Some funds are required to be established by State law. However, the Parish establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The Parish's three kinds of funds, governmental, proprietary, and fiduciary, use different accounting approaches.

Governmental Funds: most of the Parish's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the Parish's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Parish's programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation beside the fund financial statements.

Proprietary funds: when the Parish charges customers for the full cost of the services it provides whether to outside customers or to other units of the Parish, these services are reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the Parish's enterprise funds (a component business type funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

Fiduciary funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources are not available to support the Parish's own programs. The Tangipahoa Parish Government is the trustee, or fiduciary, for assets that belong to others, such as the Other Post Employment Benefits Fund and the Employee Withholding Fund. The Parish is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. These funds are reported within the Fiduciary Fund category and are reported on a full accrual basis.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27 through 66 of this report.

FINANCIAL ANALYSIS

The following table provides a comparative summary of the Parish's net position for the current and previous years. For more detailed information, see the Statement of Net Position on page 14 of this report.

TANGIPAHOA PARISH GOVERNMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended December 31, 2018

CONDENSED STATEMENT OF NET POSITION
Governmental Activities
December 31, 2018, and 2017

	2018	2017
<u>Assets</u>		
Current Assets	\$ 30,913,642	\$ 32,498,453
Restricted Assets	9,288,179	1,458,607
Capital Assets	200,135,883	193,884,654
Net Pension Asset	1,455,224	
Total Assets	241,792,928	227,841,714
<u>Deferred outflow of resources</u>	3,399,558	5,097,602
<u>Liabilities</u>		
Current Liabilities	5,294,694	5,561,304
Long-Term Liabilities	19,003,494	17,516,322
Total Liabilities	24,298,188	23,077,626
<u>Deferred inflow of resources</u>	4,523,737	661,135
<u>Net Position</u>		
Net Investment in Capital Assets	196,692,535	190,904,554
Restricted	10,161,692	740,715
Unrestricted	9,516,334	17,555,286
Total Net Position (as restated)	\$216,370,561	\$209,200,555

Approximately 91% of the Parish's net position reflect its investment in capital assets (land, buildings, equipment, and improvements) net of any outstanding related debt used to acquire those capital assets. These capital assets are used to provide services to citizens and do not represent resources available for future spending. Although, the Parish's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets cannot be used to liquidate these liabilities.

Approximately 4.70% of the Parish's net position represent resources that are subject to external restriction on how they may be used. The Parish's restricted net position consist of cash restricted for the high deductible insurance and health reimbursement plan and cash required to be restricted by grant covenants.

Approximately 4.30% of the Parish's net position are unrestricted and may be used to meet the Parish's ongoing obligations to its citizens.

At December 31, 2018, the Parish was able to report positive balances in all three categories of net position.

The table below provides a comparative summary of the changes in net position for the years ended December 31, 2018, and December 31, 2017. An analysis of the primary sources of these changes follows the table. For more detailed information, see Exhibit A-2, the Statement of Activities.

TANGIPAHOA PARISH GOVERNMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended December 31, 2018

CONDENSED STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
For Years Ended December 31, 2018, and 2017

	Governmental Activities	
	2018	2017
Program Revenues:		
Charges for Services	\$ 10,751,631	\$10,016,116
Grants and Contributions		
Operating	10,033,981	7,632,632
Capital	6,580,029	3,153,171
Total Program Revenues	27,365,641	20,801,919
General Revenues:		
Taxes and Licenses	32,814,546	31,395,538
Investment Earnings	626,552	442,064
Donations	-	6,195
Miscellaneous	273,821	275,563
Support Revenues	145,757	133,110
Gain from disposition of capital assets	70,914	474,076
Total General Revenues	33,931,590	32,726,546
Total Revenues	61,297,231	53,528,465
Program Expenses:		
General Government	8,108,393	8,273,374
Culture and Recreation	3,010,470	1,402,992
Public Safety	2,017,795	1,567,484
Public Works	27,917,327	32,769,856
Health and Welfare	8,017,423	4,145,953
Economic Development	905,284	1,458,147
Bond Issuance Cost	266,145	24,644
Interest on long term debt	166,861	115,203
Total Expenses	50,409,698	49,757,653
Excess Before Transfers, Contributions, & Special Items	10,887,533	3,770,812
Special Item	18,046	27,029
Transfers & Contributions	(3,735,573)	(570,383)
Change in Net Position	7,170,006	3,227,458
Net Position, beginning (as restated)	209,200,555	205,973,097
Net Position, ending	\$216,370,561	\$209,200,555

TANGIPAHOA PARISH GOVERNMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended December 31, 2018

Governmental Activities

The Parish's governmental net position increased by \$7,170,006. The increase in Net Position is comprised primarily of an increase in Operating and Capital Grants and Contributions.

Business Type Activities

The Parish had no business type activities in 2018.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Parish budgets were reviewed quarterly and amended three times during the year to reflect changes in forecasted revenues and expenditures, with the final amendment taking place on December 10, 2018.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Tangipahoa Parish's capital assets for its governmental activities as of December 31, 2018, amount to \$200M (net of accumulated depreciation). Capital assets include land, buildings, improvements, vehicles, machinery and equipment, office equipment, roads, and bridges.

The total increase in the Parish's Net investment in capital assets for the current year was 3.2%, or \$6.3M.

CONDENSED STATEMENT OF CAPITAL ASSETS (NET OF DEPRECIATION)
For Years Ended December 31, 2018, and 2017

	Governmental Activities	
	2018	2017
Land	\$ 4,629,372	\$ 3,285,429
Construction in Progress	7,600,661	12,601,188
Buildings	37,228,140	38,116,071
Infrastructure	141,747,273	132,630,798
Machinery & Equipment	8,930,437	7,251,168
	\$200,135,883	\$193,884,654
Capital Asset (Net)		

Major capital asset events for year ended December 31, 2018, included the following:

1. The Parish completed the following projects: New Entry Doors for Jail, FTA Bus Shelters, Phase XIX Overlay, New Landfill Design and Concept, HMGP Ponchatoula Sewer Improvements, Lee's Landing.
2. Construction continues on the following projects: South Hoover Road, Club Deluxe Road Widening and Subsurface Drainage Projects, Wardline Road Widening, Vineyard Road Bridge, Leo Lane Bridge, Troy Spears Bridge, Hazard Mitigation Ponchatoula (HMGP) Ash Street Drainage Project, HMGP Small Safe Room, Chappapeela Drainage Project, Village of Tangipahoa Sewer Improvements, Landfill Cell 14 and Landfill – Natalbany River Bridge.

TANGIPAHOA PARISH GOVERNMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended December 31,2018

Long-Term Debt

CONDENSED STATEMENT OF LONG-TERM DEBT
For Years Ended December 31, 2018, and 2017

	Governmental Activities	
	2018	2017
General Obligation Bonds	\$ 732,100	\$ 755,100
Landfill Revenue Bonds	2,175,000	2,225,000
GOMESA Revenue Bonds	7,725,000	-
Capital Leases	501,236	57,588
Estimated Liability for Landfill Closure / Post Closure Care Cost	5,036,290	7,425,399
	\$16,169,626	\$10,463,087
Total		

* The current portion of the debt listed above is \$185,764.

THE PARISH AS A WHOLE

The Parish's combined Net Position changed from a year ago, increasing from approximately \$209 million to \$216 million.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Parish looks forward to 2019 with a cautious optimistic economic outlook of continued expansion and growth within the local economy. The Parish continues to practice the conservative fiscal policy (pay as you go) from which much of the economic success in Tangipahoa Parish has resulted.

REQUEST FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Parish's finances and to show the Parish's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Melissa R. Cowart, Certified Public Accountant at (985) 748-3211 or Tangipahoa Parish Government, P.O. Box 215, Amite, LA 70422.

Basic Financial Statement

TANGIPAHOA PARISH GOVERNMENT
Amite, Louisiana
STATEMENT OF NET POSITION
December 31, 2018

EXHIBIT A-1

	Governmental Activities
<u>Assets</u>	
Cash and cash equivalents	\$ 17,339,447
Receivables, net	13,155,521
Due from other governments	418,674
Restricted assets - cash	9,288,179
Capital assets (net)	200,135,883
Net Pension Asset	1,455,224
Total Assets	241,792,928
 <u>Deferred Outflow of Resources</u>	
GASB 68 - pension	3,398,775
GASB 75 - OPEB	783
Total Deferred Outflow of Resources	3,399,558
 <u>Liabilities</u>	
Accounts, salaries, and other payables	4,747,604
Due to other governments	351,110
Noncurrent liabilities:	
Due within one year	195,980
Due in more than one year	16,008,658
Postemployment healthcare benefits payable	2,994,836
Total Liabilities	24,298,188
 <u>Deferred Inflow of Resources</u>	
Grant funds	63,063
GASB 68 - pension	4,304,746
GASB 75 - OPEB	155,928
Total Deferred Inflow of Resources	4,523,737
 <u>Net Position</u>	
Net investment in capital assets	196,692,535
Restricted for:	
Debt service	7,808,499
Other purposes	2,353,193
Unrestricted	9,516,334
Total Net Position	\$ 216,370,561

The accompanying notes are an integral part of this statement.

TANGIPAOHA PARISH GOVERNMENT
Amite, Louisiana
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities					
General government	\$ 8,108,393	\$ 4,372,753	\$ 1,098,617	\$ 50,152	\$ (2,586,871)
Culture and recreation	3,010,470	118,788	84,607	-	(2,807,075)
Public safety	2,017,795	834,311	1,194,181	2,720,597	2,731,294
Public works	27,917,327	5,219,746	1,108,255	2,724,385	(18,864,941)
Health and welfare	8,017,423	206,033	4,018,251	1,084,895	(2,708,244)
Economic development	905,284	-	2,530,070	-	1,624,786
Bond issuance cost	266,145	-	-	-	(266,145)
Interest on long-term debt	166,861	-	-	-	(166,861)
Total governmental activities	\$ 50,409,698	\$ 10,751,631	\$ 10,033,981	\$ 6,580,029	(23,044,057)
General revenues:					
Taxes:					
					22,169,296
					7,301,538
					835,788
					445,584
					6,828
					911,547
					474,081
					669,884
					273,821
					626,552
					70,914
					145,757
					18,046
					(3,735,573)
					<u>30,214,063</u>
					7,170,006
					<u>209,200,555</u>
					<u>\$ 216,370,561</u>

The accompanying notes are an integral part of this statement.

TANGIPAHOA PARISH GOVERNMENT
Amite, Louisiana
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2018

EXHIBIT A-3

	General Fund	Road and Bridge Funds	Garbage District No. 1	Hazard Mitigation	Other Governmental Funds	Total Governmental Funds
<u>Assets</u>						
Cash and cash equivalents	\$ 438,443	\$ 9,506,125	\$ 3,226,656	\$ 647	\$ 3,847,342	\$ 17,019,213
Receivables, net	2,354,389	2,011,237	3,601,926	992,884	4,184,118	13,144,554
Due from other governments	418,674	-	-	-	-	418,674
Due from other funds	380,864	-	-	-	-	380,864
Restricted assets - cash	8,526,881	322,050	275,546	-	120,542	9,245,019
Total Assets	\$ 12,119,251	\$ 11,839,412	\$ 7,104,128	\$ 993,531	\$ 8,152,002	\$ 40,208,324
<u>Liabilities</u>						
Accounts, salaries, and other payables	\$ 680,098	\$ 1,351,253	\$ 345,386	\$ 973,357	\$ 1,291,784	\$ 4,641,878
Due to other governments	53,813	-	113,971	-	183,326	351,110
Due to other funds	-	-	-	133,000	247,864	380,864
Total Liabilities	733,911	1,351,253	459,357	1,106,357	1,722,974	5,373,852
<u>Deferred Inflow of Resources</u>						
Grant Funds	2,000	-	-	57,262	3,801	63,063
Total Deferred Inflow of Resources	2,000	-	-	57,262	3,801	63,063
<u>Fund Balances</u>						
Restricted	8,137,927	10,166,109	6,524,328	-	5,983,563	30,811,927
Committed	815,862	-	-	-	87,652	903,514
Assigned	252,063	322,050	120,443	-	416,131	1,110,687
Unassigned	2,177,488	-	-	(170,088)	(62,119)	1,945,281
Total Fund Balances	11,383,340	10,488,159	6,644,771	(170,088)	6,425,227	34,771,409
Total Liabilities, Deferred Inflow of Resources, and Fund Balances	\$ 12,119,251	\$ 11,839,412	\$ 7,104,128	\$ 993,531	\$ 8,152,002	\$ 40,208,324

The accompanying notes are an integral part of this statement.

TANGIPAHOA PARISH GOVERNMENT
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
December 31, 2018

EXHIBIT A-4

Fund balances - total governmental funds	\$	34,771,409
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		200,135,883
Net Pension Asset		1,455,224
Some liabilities are not due and payable in the period and, therefore, are not reported in the funds. These liabilities consist of:		
Long-term liabilities, including bonds payable		(16,204,638)
Postemployment healthcare benefits payable		(2,994,836)
The internal service fund is used by management to charge administration costs to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		268,635
Deferred outflows and inflows are not financial resources or currently payable. These consist of:		
Deferred outflows		3,399,558
Deferred inflows		(4,460,674)
Net position of governmental activities	\$	<u><u>216,370,561</u></u>

The accompanying notes are an integral part of this statement.

TANGIPAHOA PARISH GOVERNMENT
Amite, Louisiana
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2018

	<u>General Fund</u>	<u>Road and Bridge Funds</u>	<u>Garbage District No. 1</u>
<u>Revenues</u>			
Taxes:			
Sales	\$ 5,542,324	\$ 16,626,972	\$ -
Ad valorem	1,354,064	-	2,954,328
Franchise	759,951	-	-
Licenses, permits, and rent	1,845,132	-	-
Intergovernmental revenues:			
Federal funds:			
Federal grants	365,968	56,444	55,000
GoMESA Revenue Sharing	669,884	-	-
State funds:			
Parish transportation funds	-	1,029,998	-
State revenue sharing	89,499	-	253,374
Severance tax	445,584	-	-
State appropriations	186,632	-	-
State grants	75,826	4,814	-
2% Fire insurance rebate	508,148	-	-
Alcoholic beverage tax	6,828	-	-
Local funds:			
Tourist commission	-	-	-
Fees, charges, and commissions for service	205,877	-	4,558,405
Fines and forfeitures	2,500	-	-
Interest	44,968	274,381	158,355
Other revenues	3,406,448	31,293	148,478
	<u>15,509,633</u>	<u>18,023,902</u>	<u>8,127,940</u>
<u>Expenditures</u>			
General government:			
Legislative	2,943,680	-	-
Judicial	2,670,449	-	-
Elections	201,116	-	-
Finance and administrative	1,578,512	-	-
Public safety	3,572,774	-	-
Public works	1,239,317	18,314,603	9,378,613
Health and welfare	838,567	-	-
Economic development	188,449	-	-
Culture and recreation	396,014	-	-
Bond issuance costs	266,145	-	-
Debt service:			
Principal	13,911	48,856	53,168
Interest	3,154	11,245	100,899
	<u>13,912,088</u>	<u>18,374,704</u>	<u>9,532,680</u>
Excess of Revenues			
Over (Under) Expenditures	<u>1,597,545</u>	<u>(350,802)</u>	<u>(1,404,740)</u>
<u>Other Financing Sources (Uses)</u>			
Bond Proceeds	7,725,000	-	-
Contribution in	12,194	2,000	8,000
Sale of capital assets	4,300	82,900	49,302
Operating transfers in (out)	(647,148)	(99,097)	-
	<u>7,094,346</u>	<u>(14,197)</u>	<u>57,302</u>
<u>Special Item</u>			
Absorption of section 8 housing authorities	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	8,691,891	(364,999)	(1,347,438)
Fund Balances (Deficit) - Beginning of Year, Restated	2,691,449	10,853,158	7,992,209
Fund Balances (Deficit)- End of Year	<u>\$ 11,383,340</u>	<u>\$ 10,488,159</u>	<u>\$ 6,644,771</u>

The accompanying notes are an integral part of this statement.

<u>Hazard Mitigation</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ 22,169,296
-	2,993,146	7,301,538
-	75,837	835,788
-	661,341	2,506,473
3,257,537	7,723,878	11,458,827
-	-	669,884
-	-	1,029,998
-	131,208	474,081
-	-	445,584
-	-	186,632
-	17,306	97,946
-	-	508,148
-	-	6,828
-	75,000	75,000
-	1,035,913	5,800,195
-	123,219	125,719
-	134,372	612,076
-	69,587	3,655,806
<u>3,257,537</u>	<u>13,040,807</u>	<u>57,959,819</u>
-	-	2,943,680
-	196,606	2,867,055
-	-	201,116
-	-	1,578,512
-	874,990	4,447,764
3,993,580	2,695,278	35,621,391
-	6,858,169	7,696,736
-	2,596,925	2,785,374
-	532,249	928,263
-	-	266,145
-	34,740	150,675
-	32,251	147,549
<u>3,993,580</u>	<u>13,821,208</u>	<u>59,634,260</u>
<u>(736,043)</u>	<u>(780,401)</u>	<u>(1,674,441)</u>
-	-	7,725,000
500,561	-	522,755
-	9,650	146,152
79,694	666,551	-
<u>580,255</u>	<u>676,201</u>	<u>8,393,907</u>
-	18,046	18,046
-	18,046	18,046
(155,788)	(86,154)	6,737,512
(14,300)	6,511,381	28,033,897
<u>\$ (170,088)</u>	<u>\$ 6,425,227</u>	<u>\$ 34,771,409</u>

TANGIPAHOA PARISH GOVERNMENT
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 For the Year Ended December 31, 2018

EXHIBIT A-6

Net change in fund balances - total governmental fund \$ 6,737,512

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. 9,991,670

Some of the capital assets acquired this year were financed with capital leases. Capital leases are not revenues in the statement of activities, but rather constitute long term liabilities in the statement of net position. (521,323)

In the statement of activities, only the gain on the sale of equipment is reported, whereas in the governmental funds, the proceeds from the sale increases financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the equipment disposed of. (68,543)

Governmental funds report capital outlays as expenditures. This is the accumulated of capital assets donated to other governmental agencies during the current period. (3,735,573)

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items. (7,574,325)

Internal service funds are used by management to charge the costs of certain activities, such as accounting services, to individual funds. The net revenue (expense) of certain internal funds is reported with governmental activities. (127,360)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures of governmental funds. These differences consist of:

Net change in liability for postemployment healthcare 265,073
 Pension expense for GASB 68 (331,991)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds. 145,757

Municipal Solid Waste Landfill closure and postclosure care cost liabilities are not recorded by the governmental fund, but must be recorded as general long-term liability in the governmental activities in the government-wide financial statements. This is the amount of the increase of the closure and postclosure care costs liability over the prior year. 2,389,109

Change in net position of governmental activities \$ 7,170,006

The accompanying notes are an integral part of this statement.

TANGIPAHOA PARISH GOVERNMENT
Amite, Louisiana
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2018

	<u>Governmental Activities- Internal Service</u>
<u>Assets</u>	
<u>Current Assets</u>	
Cash and cash equivalents	\$ 320,234
Receivables	10,967
Total Current Assets	<u>331,201</u>
<u>Restricted Assets</u>	
Cash and cash equivalents	<u>43,160</u>
<u>Noncurrent Assets</u>	
Capital assets (net of accumulated depreciation)	<u>155,550</u>
Total Assets	<u>529,911</u>
<u>Liabilities</u>	
<u>Current Liabilities</u>	
Accounts, salaries, and other payables	105,726
Obligation under capital leases	10,216
Total Current Liabilities	<u>115,942</u>
<u>Non-Current Liabilities</u>	
Obligation under capital leases	<u>24,796</u>
Total Current Liabilities	<u>24,796</u>
Total Liabilities	<u>140,738</u>
<u>Net Position</u>	
Net Investment in capital assets	120,538
Restricted	43,160
Unrestricted	<u>225,475</u>
Total Net Position	<u>\$ 389,173</u>

The accompanying notes are an integral part of this statement.

TANGIPAHOA PARISH GOVERNMENT
 Amite, Louisiana
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS
 For the Year Ended December 31, 2018

	<u>Governmental Activities- Internal Service</u>
<u>Operating Revenues</u>	
Charges for interfund services	\$ 1,904,870
Total Operating Revenues	<u>1,904,870</u>
 <u>Operating Expenses</u>	
Personnel services	1,482,050
Materials and supplies	97,313
Professional services	326,817
Repairs and maintainance	22,313
Other expenses	88,517
Depreciation	<u>33,149</u>
Total Operating Expenses	<u>2,050,159</u>
Operating Income (Loss)	<u>(145,289)</u>
 <u>Nonoperating Revenues (Expenses)</u>	
Interest income	14,476
Interest Expense	(1,334)
Miscellaneous revenue	4,787
Loss on disposition of assets	<u>(21,094)</u>
Total Nonoperating Revenues (Expenses)	<u>(3,165)</u>
Change in Net Position	(148,454)
Total Net Position - Beginning (restated)	<u>537,627</u>
Total Net Position - Ending	<u>\$ 389,173</u>

The accompanying notes are an integral part of this statement.

TANGIPAHOA PARISH GOVERNMENT
Amite, Louisiana
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2018

	<u>Governmental Activities- Internal Service</u>
<u>Cash Flows from Operating Activities</u>	
Receipts from interfund services provided	\$ 1,946,105
Payments to suppliers	(546,722)
Payments to employees	(1,480,790)
Net Cash (Used) by Operating Activities	<u>(81,407)</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Miscellaneous Proceeds	4,787
Net Cash Provided by Noncapital Financing Activities	<u>4,787</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	
Payments on capital assets lease	(7,342)
Interest paid	(1,334)
Purchases of capital assets	(54,469)
Net Cash (Used) by Capital and Related Financing Activities	<u>(63,145)</u>
<u>Cash Flows from Investing Activities</u>	
Interest received	14,476
Net Cash Provided by Investing Activities	<u>14,476</u>
Net (Decrease) in Cash and Cash Equivalents	(125,289)
Cash and Cash Equivalents, Beginning of Year	<u>445,523</u>
Cash and Cash Equivalents, End of Year	<u>\$ 320,234</u>
<u>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</u>	
Operating Income	\$ (145,289)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	33,149
(Increase)/decrease in assets-	
Accounts receivable	41,235
Restricted Assets	(15,376)
Increase/(decrease) in liabilities-	
Accounts payable and other payables	4,874
Total Adjustments	<u>63,882</u>
Net Cash (Used) by Operating Activities	<u>\$ (81,407)</u>
<u>Non Cash Capital and Related Financing Activities</u>	
Cost of Vehicle Leased	\$ 42,354
Vehicle Lease Balance	(35,012)
Payments on Lease Liability	<u>\$ 7,342</u>

The accompanying notes are an integral part of this statement.

TANGIPAHOA PARISH GOVERNMENT
Amite, Louisiana
STATEMENT OF FIDUCIARY NET POSITION
December 31, 2018

	<u>Pension Trust</u>	<u>Agency Fund</u>
Assets		
Cash and cash equivalents	\$ 371,150	\$ 1,013,188
Due from employees and cobra employees	-	13,020
Due from other governments	-	67,220
	<hr/>	<hr/>
Total Assets	371,150	1,093,428
Liabilities		
Accounts payable	12,000	1,093,428
	<hr/>	<hr/>
Total Liabilities	12,000	1,093,428
	<hr/>	<hr/>
Net Position Reserved for OPEB	<u>\$ 359,150</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

TANGIPAHOA PARISH GOVERNMENT
 Amite, Louisiana
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 For the Year December 31, 2018

	Pension Trust
Additions	
Employer contributions	\$ 467,961
Interest income	5,060
Total Additions	473,021
Deductions	
Medical benefits payments	101,871
Administrative Expenses	12,000
Total deductions	113,871
Change in Position	359,150
Net Position -Beginning of Year	-
Net Position -End of Year	\$ 359,150

The accompanying notes are an integral part of this statement.

Notes to the Financial Statements

TANGIPAOHA PARISH GOVERNMENT

Amite, Louisiana

Notes to the Financial Statements

As of and for the Year Ended December 31, 2018

INTRODUCTION

Tangipahoa Parish Government (parish) is the governing authority for the Parish of Tangipahoa, Louisiana. The Parish of Tangipahoa operates under a home rule charter and is governed by the "council-president" form of government. An elected council of ten members representing the various districts within the parish constitutes the legislative branch of the government and an elected president is the chief executive officer and head of the executive branch. The council and president serve four-year terms that expire in January 2020.

Louisiana Revised Statute 33:1236 gives Tangipahoa Parish Government various powers in regulating and directing the affairs of the parish and its inhabitants. The more notable of those is the power to make regulations for its own government; to regulate the construction and maintenance of roads, bridges, and drainage systems; to regulate the sale of alcoholic beverages; and to provide for the health and welfare of the poor, disadvantaged, and unemployed in the parish. Funding to accomplish these tasks is provided by ad valorem and sales taxes, beer and alcoholic beverage permits, state revenue sharing, permits and fees, and state and federal grants.

Tangipahoa Parish occupies approximately 818 square miles with a population of approximately 128,755. The parish government maintains approximately 1,067 miles of roads, 876 miles of which are paved and 191 of which are gravel. Parish government offices are located in the courthouse annex in Amite, Louisiana, with road maintenance facilities located at 2 locations within the parish.

In June 1999 the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments. Certain of the significant changes in the Statement include the following:

- The financial statements now include:
 - A Management's Discussion and Analysis (MD&A) section providing an analysis of the parish's overall financial position and results of operations.
 - Financial statements prepared using full accrual accounting for all of the parish's activities, including current year infrastructure (roads and bridges).
 - A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including these notes to financial statements). The parish was required to implement the general provisions of Statement No. 34 in the year ended December 31, 2003, and was required to implement the provisions for retroactively reporting infrastructure per Statement No. 34 for the fiscal year ended December 31, 2007.

The parish was also required to implement the general provisions of GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in the year ended December 31, 2011.

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, was implemented in the year ended December 31, 2015. This statement establishes new financial reporting requirements for governments that provide their employees with pension benefits. Additional information about the parish's net pension liability (asset) is presented in the notes to the financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

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

Tangipahoa Parish Government
Notes to the Financial Statements
As of and for the Year Ended December 31, 2018

GASB Statement No. 14 as amended by GASB Statement No. 61 established criteria for determining which component units should be considered part of Tangipahoa Parish Government for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include:

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

Based on the previous criteria, Tangipahoa Parish Government has determined that the following component units are part of the reporting entity:

Blended Component Units

Tangipahoa Parish Government, as the reporting entity, has chosen to issue financial statements of the primary government (Tangipahoa Parish Government), except for including the following blended component units whose accounting records are maintained by the parish.

- General Fund - Non-major Funds
- Construction Board of Adjustment and Appeals
- Industrial Development Board of the Parish of Tangipahoa, Inc.
- Tangipahoa Parish Planning Commission

Component Units Omitted from Financial Statements

Active Component Units	Fiscal Year End	Criteria Used
Consolidated Gravity Drainage District Number 1	12/31	1
Coves of the Highland Community Development District	06/30	1
Fire Protection District Number 1	12/31	1
Fire Protection District Number 2	12/31	1
Gravity Drainage District Number 4	12/31	1
Gravity Drainage District Number 5	12/31	1
Hospital Service District Number 1	06/30	1
Hospital Service District Number 2	12/31	1
Mosquito Abatement District No. 1 of the Parish of Tangipahoa	12/31	1
Ponchatoula Area Recreation District Number 1	12/31	1
Recreation District Number 39A	12/31	1
Recreation District Number 3	12/31	1
Sewer District No. 1 of the Parish of Tangipahoa	12/31	1
Tangipahoa Communication District Number 1	12/31	1
Tangipahoa Parish Clerk of Court	06/30	2
Tangipahoa Parish Convention and Visitors Bureau	12/31	1
Tangipahoa Parish Library Board of Control	12/31	1
Tangipahoa Parish Sheriff	06/30	2
Tangipahoa Voluntary Council on Aging	12/31	1
Tangipahoa Water District	12/31	1

Inactive or Non-Funded Component Units	Fiscal Year End	Criteria Used
Hammond Area Recreation District Number 1	12/31	1
Kentwood Area Recreation District	12/31	1
Loranger Recreation District Number 104	12/31	1
Recreation District Number 5 - Mid Parish	12/31	1
Recreation District Number 6	12/31	1

The component units listed herein are not included in the accompanying financial statements. Their financial statements may be obtained by request to the Clerk of the Council of the Tangipahoa Parish Government at (985) 748-3211.

Considered in the determination of component units of the reporting entity were the Tangipahoa Parish School Board, Tax Assessor, and the District Attorney for the Twenty-First Judicial District, Twenty-First Judicial District Children and Youth Planning Board, and the various municipalities in the parish. It was determined that these governmental entities are not component units of Tangipahoa Parish Government reporting entity because they have separately elected governing bodies, are legally separate, and are fiscally independent of Tangipahoa Parish Government.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and selected blended component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The focus of governmental and proprietary fund financial statements is on "major" funds. Fund statements present in separate columns the general fund, followed by major funds, with non-major funds aggregated and displayed in a separate column. The new model (GASB Statement 34) sets forth minimum criteria (percentage of the assets, liabilities, revenues, or expenditures/expenses of either fund category or the governmental and enterprise funds combined) for the determination of major funds. In addition to the funds that meet the major fund criteria, any other governmental or enterprise fund that the government's officials believe is particularly important to financial statement users may be reported as a major fund.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

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

The parish implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows, or Resources and Net Position*. GASB 63 provides guidance for reporting deferred outflows or resources, deferred inflows or resources, and net position in a statement of financial position and related disclosures. The reader will note a change in terminology from “net assets” to “net position”.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The parish reports the following major governmental funds:

The General Fund is the parish’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

SPECIAL REVENUE FUNDS:

The Road and Bridge Funds account for the construction of new roads and bridges and the maintenance of the existing roads and roadside areas within the respective road districts. Major sources of revenues are 75% of the sales tax revenues and appropriations from the State of Louisiana Parish Transportation Fund.

The Garbage District No. 1 Fund accounts for the operation of the parish landfill. Major sources of revenue are ad valorem taxes and sanitation landfill user fees.

CAPITAL PROJECTS FUND:

The Hazard Mitigation fund accounts for the implementation of grants under the Federal Emergency Management Agency (FEMA) in regards to federally declared disaster relief and disaster mitigation. Major source of revenue are federal grants.

The parish reports the following fund types:

Internal service fund accounts for services provided to other departments and agencies of the parish, or to other governments on a reimbursement basis. The internal service fund is the Administrative Fund, established by the parish to render administrative and accounting services to various funds. It receives a fee from each fund based on a combination of revenues received and services rendered for that fund.

Fiduciary funds are used to account for assets held by a governmental entity for other parties and cannot be used to finance the governmental entity’s own operating programs. The parish has two fiduciary funds. One is a Pension (and Other Employee Benefit) Trust fund and the other is an agency fund.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The parish has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's enterprise operations. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. 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 of the proprietary funds are user fees. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

D. DEPOSITS AND INVESTMENTS

The parish's cash and cash equivalents consist of cash on hand and demand deposits. Amounts in time deposits and those investments with original maturities of 90 days or less are considered to be cash equivalents. State law allows the parish to invest in collateralized certificates of deposits, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities.

The parish had no investments at December 31, 2018.

E. RECEIVABLES

Receivables are shown net of an allowance for uncollectibles. Uncollectible amounts due for garbage charges are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivables. Uncollectible amounts for property taxes are recorded as a reduction of current revenues.

F. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as due from other funds or due to other funds on the balance sheet. Short-term interfund loans are classified as interfund receivables/payables.

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

G. INVENTORIES

Inventories for supplies are immaterial and are recorded as expenditures/expenses when purchased.

H. RESTRICTED ASSETS

Certain resources of the parish are set aside for the payment of the high deductible insurance and health reimbursement plan, the Rainy Day reserve fund, debt service requirements, and unspent grant funds that are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by the parish administration.

I. CAPITAL ASSETS

Capital assets, which include property, plant, equipment, and infrastructure assets (roads and bridges), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation.

The parish maintains a threshold level of \$1,000 or more for capitalizing capital assets.

For infrastructure that was acquired/built for the period July 1, 1980, to December 31, 2007, the parish has determined the value by using current replacement cost and deflating that cost by applying a CPI adjustment of 51.44% to approximate year of acquisition. There are three elements to the valuation: 1.) Land - Right of Way (ROW), 2.) Base, and 3.) Asphalt Surface.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, if material, is included as part of the capitalized value of the assets constructed.

All capital assets, other than land, are depreciated using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Governmental Activities	
Road and bridges	20 Years
Land improvements	10 Years
Buildings and building improvements	40 Years
Furniture and fixtures	5 Years
Vehicles	5 Years
Equipment	10-15 Years

J. DEFERRED OUTFLOWS / INFLOWS OF RESOURCES:

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

K. COMPENSATED ABSENCES

Tangipahoa Parish Government has the following policy relating to vacation and sick leave:

Parish government employees are entitled to certain compensated absences based on their length of employment and overtime worked. Vested compensated absences are recorded as expenditures when the liability is incurred. Effective July 1, 2009, any vacation leave exceeding 240 hours will be paid to the employee at the time of their anniversary date at a rate of 50% of their current pay rate. No employee will accrue vacation in excess of 240 hours. Sick leave has not been accrued as the employee's right to sick leave does not vest.

The cost of compensated absences is reported on the government-wide and the governmental fund financial statements.

L. LONG-TERM OBLIGATIONS

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Paragraph 187 of GASB Statement 62 establishes standards of accounting and financial reporting for debt issuance costs. Paragraph 12 of Statement 7 indicates that debt issuance costs include all costs incurred to issue the bonds, including but not limited to insurance costs (net of rebates from the old debt, if any), financing costs (such as rating agency fees), and other related costs (such as printing, legal, administrative, and trustee expenses).

The parish has implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, and with the implementation of GASB 65, the recognition of bond-related costs, including the costs related to issuance and refunding of debt, were revised. This standard was intended to complement GASB Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Bond issuance costs, whether or not withheld from the actual debt proceeds received, are now expensed in the period incurred under GASB 65. The parish incurred and expensed \$266,145 in bond issuance costs associated with the issuance of the Parish of Tangipahoa, state of Louisiana local government environmental facilities and community development authority revenue bonds (Tangipahoa parish GoMESA project), Series 2018 (green bonds), in the year ending December 31, 2018.

Tangipahoa Parish Government recognizes landfill closure and postclosure costs in accordance with GASB Statement No.18. The measurement and recognition for landfill costs are reported in the government-wide financial statements.

M. FUND EQUITY

Governmental fund equity is classified as fund balance. Beginning with fiscal year ending December 31, 2011, the parish implemented GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable: This classification includes amounts that cannot be spent because they are either not in spendable form or they are legally contractually required to be maintained intact.

The parish does not have anything that can be classified as Nonspendable Fund Balance.

- Restricted: This classification includes amounts in which the use of resources is constrained either by (a) external impositions by creditors, grantors, contributors, or laws or regulations of other governments or (b) impositions by law through constitutional provisions or enabling legislation.

Tangipahoa Parish Government
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The parish has classified the following funds as restricted:

Garbage District No. 1, Health Unit, Road Lighting District #1, Road Lighting District #2, Road Lighting District #3, Road Lighting District #4, Road Lighting District #5, Road Lighting District #6, Road Lighting District #7, Road District No. 101 Debt Service Fund, and Sub-Road District No. 1 of Road District No. 101 Debt Service Funds are funds that are restricted by authorized millages by taxpayers.

Road & Bridge 75% of the 1% Sales Tax Levy renewed in November 2016

The following funds are restricted due to constraints of grants:

General Fund	2017-2018 Cities Readiness Initiative Program, and GoMESA Funds.
Animal Shelter	ASPCA Funds
Section 8 Housing	Housing Choice Voucher Program, Disaster Housing Assistance Program - Katrina, and Disaster Housing Assistance Program – Ike
Rapid Rehousing	Homeless Prevention and Rapid Rehousing Program
Council Chamber Communications	Cable provider contract
Shelter Grant	Emergency Shelter Grant Program
Juror Per Diem	Louisiana Revised Statute No. 13:3049
Witness Fee	Louisiana Revised Statute No. 15:255

- Committed: This classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Parish Council, which is the parish's highest level of decision making authority. These amounts cannot be used for any other purpose unless the Parish Council removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

The parish has classified the following funds as committed:

General Fund	Rainy Day Fund created by Ordinance No. 13-40
Industrial Development Board	Action taken by Parish Council in 2002 to lease property to Wal-Mart and Elmer Candy Co.

- Assigned: This classification includes amounts that are constrained by the parish's intent to be used for a specific purpose but are neither restricted nor committed. This intent should be expressed by the parish's governing body itself or a committee or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.

The parish has classified the following fund as assigned:

Animal Shelter and Florida Parishes Arena

General Fund, Road and Bridge, Garbage District No.1, Health Unit, and Animal Shelter all have funds that are restricted as a result of the parish's Health Reimbursement Insurance Program.

- Unassigned: This classification is the residual fund balance for the General Fund. It also represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

The parish has classified the General Fund as unassigned.

The following funds are considered unassigned because they have a deficit in fund balances:

Workforce Investment Opportunity Act, Long Term Recovery, Hazard Mitigation Grant Program, Library Construction Fund, Restore Act, and Capital Projects Grants.

When fund balance resources are available for a specific purpose in multiple classifications, the parish will generally use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed. However, the parish's management reserves the right to selectively spend unassigned resources first and to defer the use of the other classified funds.

N. ESTIMATES

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

O. INTERFUND TRANSACTIONS

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. For the purpose of the statement of activities, all interfund transfers between funds have been eliminated.

P. ELIMINATION AND RECLASSIFICATION

In the process of aggregating data for the statement of net assets and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

Q. AD VALOREM TAXES

Ad valorem taxes are levied in October and billed to the taxpayers in November. Billed taxes become delinquent as of January 1st of the following year at which time an enforceable lien is attached. The taxes are generally collected in December of the current year and January and February of the ensuing year. Ad valorem taxes and related state revenue sharing are recorded in the year the taxes are billed. The Tangipahoa Parish Sheriff / Tax Collector on behalf of the parish bills, collects, and remits the property taxes based on assessed values determined by the Tangipahoa Parish Assessor.

The following is a summary of authorized and levied ad valorem taxes for the year:

	Authorized Millage	Levied Millage	Expiration Year
Parish wide Taxes:			
General Fund, Cities	2.00	1.53	Continuous
General Fund, Rural	4.00	3.06	Continuous
Special Revenue Fund:			
Health Unit Maintenance	4.00	4.00	2026
District Taxes:			
Special Revenue Funds:			
Road Lighting District Number 1	2.00	2.00	2024
Road Lighting District Number 2	16.62	5.00	2026
Road Lighting District Number 3	15.00	3.00	2019
Road Lighting District Number 4	15.29	5.00	2026
Road Lighting District Number 5	15.00	4.00	2020
Road Lighting District Number 6	15.00	6.00	2028
Road Lighting District Number 7	10.00	2.00	2026
Garbage District Number 1	10.00	10.00	2022
Debt Service Funds:			
Road District Number 101	Variable	3.00	2036
Sub-Road District Number 1 of 101	Variable	3.00	2036

R. SALES TAXES

In November 2016, the voters of Tangipahoa Parish approved a renewal of a one percent parish wide general sales and use tax to be levied for Tangipahoa Parish Government. The proceeds of the tax are dedicated on the basis of 75 percent for road and bridge maintenance and improvements and the remaining 25 percent for general governmental purposes. The tax as renewed in 2016 is effective January 1, 2017, through December 31, 2021.

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETS

The parish uses the following budget practices:

1. Preliminary budgets for the ensuing year are prepared by the director of finance during October of each year. During November, the parish council reviews the proposed budgets and makes changes as it deems appropriate. The availability of the proposed budgets is then advertised in the official journal. Prior to meeting in December, the parish holds a public hearing on the proposed budgets in order to receive comments from residents. Changes are made to the proposed budgets based on the public hearings and the desires of the parish council as a whole. The budgets are then adopted during the Council's meeting and notice is published in the official journal.
2. Unexpended appropriations lapse at year-end and must be appropriated again in the next year's budget to be expended.
3. The parish adopts budgets for the General Fund, all special revenue funds, and the internal service proprietary fund using the same basis of accounting to reflect actual revenues and expenditures recognized on a generally accepted accounting principles basis. Budgetary control is at the functional level. Within functions, the parish president has the authority to make amendments as necessary.

4. During the year, the council receives quarterly budget comparison statements that are used to control the operations of the parish. The director of finance presents necessary budget amendments to the council during the year when, in his judgment, actual operations differ materially from those anticipated in the original budget. During a regular meeting, the council reviews the proposed amendments, makes changes as it feels necessary, and formally adopts the amendments. The adoption of amendments is included in council minutes published in the official journal.

The original proposed budgets for the General Fund, the special revenue funds and the internal service proprietary fund were made available for public inspection on November 16, 2017 and were published in the official journal on November 23, 2017. A public hearing was held at the parish's headquarters on December 11, 2017. The original budgets were adopted on December 11, 2017.

The budgets of the parish were amended three times during the year with the final amendment taking place on December 10, 2018.

B. REVENUES – ACTUAL AND BUDGET

The following individual fund had actual revenues and other sources that failed to meet budgeted amounts for the year ended December 31, 2018:

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>	<u>Percent</u>
Health Unit	\$3,170,600	\$2,847,894	\$322,706	10.18%

The Louisiana Local Government Budget Act requires a local government to amend its operating budget when the total revenue and other sources fail to meet total budgeted revenues and other sources by 5% or more and when the total expenditures and other uses exceed total budgeted expenditures and other uses by 5% or more. The parish failed to amend the budget for the Health Unit Fund by an adequate amount for the fiscal year ended December 31, 2018.

C. FUND DEFICITS

The following individual funds have a deficit in unreserved fund equity at December 31, 2018:

	<u>Deficit Amount</u>
Capital Projects Funds:	
Library Construction Fund	\$ 2,500
Long Term Recovery Fund	\$ 38,775
Restore Act	\$ 135
Capital Projects Grants	\$ 211
Hazard Mitigation Program Grant	\$170,088
Special Revenue Funds:	
Workforce Investment Opportunity Act	\$ 20,498

The General Fund will transfer funds to cover the deficits until the grant funds are received.

3. DEPOSITS AND INVESTMENTS

At December 31, 2018, Tangipahoa Parish Government had deposits (book balances) totaling \$ 28,011,964 (including \$1,384,338 in the fiduciary fund) as follows:

Cash on hand	\$ 1,500
Non interest-bearing demand deposits	100
Interest-bearing demand deposits	<u>28,010,364</u>
	<u>\$28,011,964</u>

The deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) 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.

Per GASB Statement 3, as amended by GASB 40, the parish's deposits are exposed to custodial credit risk since the collateral pledged by the fiscal agent is not held in the parish's name.

At December 31, 2018, Tangipahoa Parish Government had \$28,367,748 in deposits with a total of \$28,367,648 in interest bearing accounts and \$100 in non-interest bearing accounts. Of these deposits, \$7,984,050 are related to the issuance of the parish's GoMESA Bonds. Under the terms of the agreement with Whitney Bank, the bank maintains control of the funds and distributes funds in accordance with bond documents and the parish's requests. All funds are fully collateralized by the Trust Department of the respective bank. Of the remaining deposits of \$20,383,598, \$250,000 is secured from risk by \$250,000 of federal deposit insurance and the remaining \$20,133,598 is uninsured but collateralized with securities held by the custodial bank in the name of the fiscal agent bank.

Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by Tangipahoa Parish Government that the fiscal agent has failed to pay deposited funds upon demand.

4. RECEIVABLES

The following is a summary of receivables at December 31, 2018:

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Debt Service Funds</u>	<u>Total Governmental Funds</u>	<u>Internal Service Fund</u>
Taxes:						
Ad Valorem	\$1,348,112	\$5,867,976	\$ -	\$58,741	\$7,274,829	\$ -
Sales and Use	475,174	1,425,520	-	-	1,900,694	-
Intergovernmental:						
State Revenue Sharing	89,499	384,582	-	-	474,081	-
Other	245,992	1,367,501	1,269,326	-	2,882,819	-
Accounts	-	310,114	-	-	310,114	-
Less: allowance for						
Uncollectible accounts	-	(10,000)	-	-	(10,000)	-
Other	<u>195,612</u>	<u>98,643</u>	<u>17,763</u>	<u>-</u>	<u>312,018</u>	<u>10,967</u>
Total	<u>\$2,354,389</u>	<u>\$9,444,336</u>	<u>\$1,287,088</u>	<u>\$58,741</u>	<u>\$13,144,554</u>	<u>\$10,967</u>

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

5. INTERFUND RECEIVABLES AND PAYABLES/TRANSFERS

A. Balances due to/from other funds at December 31, 2018, consist of the following:

Due to the General Fund from the Shelter grant to cover necessary expenses	\$ 81,000
Due to the General Fund from the Health Unit to cover necessary expenses	3,000
Due to the General Fund from the Rapid Rehousing Fund to cover necessary expenses	160,000
Due to the General Fund from the Hazard Mitigation Fund to cover necessary expenses	133,000
Due to the General Fund from the Library Construction Fund to cover necessary expenses	2,500
Due to the General Fund from the Long Term Recovery Fund to open checking account	100
Due to the General Fund from the Capital Projects Grant to cover necessary expenses	250
Due to the General Fund from the Section 8 Fund because of disaster related expenses	514
Due to the General Fund from the Restore Act Fund to cover necessary expenses	<u>500</u>
Total	<u>\$380,864</u>

B. Interfund transfers at December 31, 2018, consist of the following:

From the General Fund to Section 8 to cover necessary expenses	\$ 52,000
From the General Fund to the Animal Shelter Fund to subsidize operations	275,000
From the General Fund to the Florida Parishes Arena Fund to subsidize operations	315,000
From the General Fund to the Hazard Mitigation Fund for Ike elevation costs	594
From the General Fund to the Hazard Mitigation Fund for Isaac elevation costs	4,554
From the Road and Bridge Fund to the Hazard Mitigation Fund for Safe Room costs	30,691
From the Road and Bridge Fund to the Hazard Mitigation Fund for 4277 Drainage projects	42,283
From the Road and Bridge Fund to the Hazard Mitigation Fund for 4263 Drainage projects	1,572
From the Road and Bridge Fund to Long Term Recovery Fund to cover necessary expenses	<u>24,551</u>
Total	<u>\$746,245</u>

6. CAPITAL ASSETS

The following is a summary of changes in capital assets for the fiscal year ended December 31, 2018:

	Balance 12-31-17 <u>Restated</u>	<u>Increases</u>	<u>Decreases</u>	Balance 12-31-18
Governmental Activities:				
Capital assets not depreciated:				
Land	\$ 3,285,429	\$ 1,343,943	\$ -	\$ 4,629,372
Infrastructure (Land & Base)	75,245,465	545,872	6	75,791,331
Construction in progress	<u>12,601,188</u>	<u>9,779,781</u>	<u>14,780,308</u>	<u>7,600,661</u>
Total capital assets not depreciated	<u>91,132,082</u>	<u>11,669,596</u>	<u>14,780,314</u>	<u>88,021,364</u>
Capital assets depreciated:				
Buildings	54,720,206	644,321	2,750	55,361,777
Infrastructure	126,451,917	14,077,084	4,293,041	136,235,960
Equipment	<u>19,316,250</u>	<u>3,419,448</u>	<u>1,098,623</u>	<u>21,637,075</u>
Total capital assets depreciated	<u>200,488,373</u>	<u>18,140,853</u>	<u>5,394,414</u>	<u>213,234,812</u>
Less accumulated depreciation for:				
Buildings	16,604,135	1,530,316	814	18,133,637
Infrastructure	69,066,584	4,277,245	3,063,811	70,280,018
Equipment	<u>12,065,082</u>	<u>1,676,461</u>	<u>1,034,905</u>	<u>12,706,638</u>
Total accumulated depreciation	<u>97,735,801</u>	<u>7,484,022</u>	<u>4,099,530</u>	<u>101,120,293</u>
Total capital assets depreciated, net	<u>102,752,572</u>	<u>10,656,831</u>	<u>1,294,884</u>	<u>112,653,621</u>
Total governmental activities capital assets, net	<u>\$ 193,884,654</u>	<u>\$ 22,326,427</u>	<u>\$ 16,075,198</u>	<u>\$ 200,135,883</u>

Depreciation was charged to governmental functions as follows:

General government	\$ 494,894
Culture and recreation	298,762
Public safety	324,129
Public works	5,998,429
Economic Development	6,094
Health and welfare	328,565
Capital assets held by internal service funds - charged to general government	<u>33,149</u>
Total depreciation expense - governmental activities	<u>\$7,484,022</u>

7. RESTRICTED ASSET - CASH

Governmental Activities/Funds

High Deductible Insurance and Health Reimbursement Plan

Tangipahoa Parish Government provides to its employees, as an employment benefit, a High Deductible Health Insurance Plan (through Blue Cross Blue Shield) which is supplemented by Individual Health Reimbursement Accounts (administered by Choice Care). In addition to paying the health insurance premium for the employee, the parish is also responsible to pay a portion of the employee's deductible. In order to properly fund this deductible portion, the parish makes monthly deposits equal to 1/12th of the parish portion of the annual deductible into a separate bank account. These funds are then transferred to Choice Care as the employees use the funds for qualifying medical expenses. Any balances remaining after the close of the deductible year are carried over to offset future plan expenses. As of December 31, 2018, the combined cash balance of this fund was \$858,257, which is presented on the Statement of Net Position as Restricted Assets - Cash.

Ordinance No 13-40: Reserve Fund:

On October 15, 2013, the council adopted an ordinance to establish a reserve fund that shall be kept in a separate bank account. These funds can only be spent upon the specific request of the Parish President and the approval of two-thirds vote of the Tangipahoa Parish Council. As of December 31, 2018, the cash balance of this account was \$815,862.

Ordinance No 18-68: OPEB Irrevocable Tax-Exempt Trust

On December 10, 2018, the council adopted an ordinance to establish an irrevocable tax-exempt trust pursuant to Section 115 of the Internal Revenue Code and the GASB Statements for the purpose of funding and pre-funding the Parish's share of the OPEB provided under the Retiree Plan in accordance with the GASB Statements. This was done to provide a vehicle for advance funding of such OPEB by the Parish and to offset the OPEB Liability required to be shown on the financial statement by the amount of assets in the trust. As of December 31, 2018, the combined cash balance of this fund was \$371,150.

Debt Service Requirements:

During 2013, the parish issued Revenue Bonds for the purpose of acquiring, constructing, extending and improving the parish landfill. Upon the issuance of these bonds, the parish became subject to Debt Service Requirements. Per the Ordinance No. 13-05, a reserve requirement of \$152,750 is restricted in the Debt Service Reserve Checking Account until the Revenue Bonds have matured. The parish complied with this requirement for the year ending December 31, 2018.

In December 2018, the parish issued Revenue Bonds for the purpose of financing qualified GoMESA projects. Upon the issuance of these bonds, the parish became subject to Debt Service Requirements. Per the Ordinance 18-66, the reserve requirement was not applicable for 2018 and will begin in 2019. As of December 31, 2018, \$7,458,855 is restricted in the General Fund.

8. COMPENSATED ABSENCES

At December 31, 2018, employees of Tangipahoa Parish Government have accumulated and vested \$667,203 of employee leave benefits, which was computed in accordance with GASB Codification Section C60. Of this amount, \$82,772 is recorded as an obligation of the General Fund, and \$536,675 is recorded as an obligation of the Special Revenue Funds. The leave liability for employees of the Internal Service Fund in the amount of \$47,756 is accounted for within these funds.

9. OPERATING LEASES

The parish has no material long-term, noncancellable operating lease commitments at December 31, 2018.

10. LONG-TERM DEBT

A. Summary of Changes in Long-Term Debt

The following is a summary of the long-term obligation transactions for the year ended December 31, 2018:

	Balance 01/01/18 Restated	Additions	Reductions	Balance 12/31/18	Due Within One Year
Governmental Activities:					
General Obligation Bonds	\$ 755,100	\$ -	\$ 23,000	\$ 732,100	\$ 26,600
Landfill Revenue Bonds	2,225,000	-	50,000	2,175,000	50,000
GOMESA Revenue Bonds	-	7,725,000	-	7,725,000	-
Capital Leases	57,588	521,323	77,675	501,236	109,164
Estimated Liability for Landfill Closure/ Postclosure Care Cost	7,425,399	-	2,389,109	5,036,290	-
Total Governmental Activities	\$ 10,463,087	\$ 8,246,323	\$ 2,539,784	\$ 16,169,626	\$ 185,764
Business Type Activities:					
Capital Leases	\$ -	\$ 42,354	\$ 7,342	\$ 35,012	\$ 10,216
Total Business Type Activities	\$ -	\$ 42,354	\$ 7,342	\$ 35,012	\$ 10,216

B. Bonds:

The parish has four bond issues:

Governmental Activities:

Landfill Revenue Bonds:

\$2,400,000 issue of 2013 for the purpose of acquiring, constructing, extending and improving parish landfill, due in semi-annual installments of \$3,625 to \$148,625 through April 1, 2043 with interest at 2.5 to 5.0 percent. Debt retirement payments are made from the Garbage Maintenance District No. 1 Fund.

\$2,175,000

Gomesa Revenue Bonds:

\$7,725,000 issue of 2018 for the purpose of financing qualified GoMESA projects, due in semi-annual installments of \$17,603 to \$672,603 through Nov 1, 2038 with interest at 5.37 percent. Debt retirement payments are made from the General Fund.

\$7,725,000

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General Obligation Bonds:

Road District No. 101 General Obligation Bonds:

\$392,800 issue of 2017 for the purpose of financing the construction and improvements of public roads, highways and bridges within the district, due in semi-annual installments of \$549 to \$28,349 through March 1, 2037 with interest at 3.95 percent. Debt retirement payments are made from the Road District No. 101 Sinking Fund. \$381,800

Sub-Road District No. 1 of Road District No. 101 General Obligation Bonds:

\$362,300 issue of 2017 for the purpose of financing the construction and improvements of public roads, highways and bridges within the district, due in semi-annual installments of \$505 and \$26,105 through March 1, 2037 with interest at 3.95 percent. Debt retirement payments are made from the Sub-Road District No. 1 of Road District No. 101 Sub-Sinking Fund. 350,300

Total General Obligation Bonds \$732,100

C. Capital Leases:

The Parish has entered into leases for various vehicles. These leases meet the criteria of a capital lease since the lease term is the same as the useful life of the vehicles. Capital lease payments are reflected as debt service expenditures at the government fund reporting level. The assets acquired through capital leases are as follows:

Assets:	Governmental Activities	Business Type Activities	Total
Vehicles	\$ 579,429	\$ 42,354	\$ 621,783
Less Accumulated Depreciation	(86,377)	(7,949)	(94,326)
Capital assets, net	<u>\$ 493,052</u>	<u>\$ 34,405</u>	<u>\$ 527,457</u>

On April 5, 2017, the parish entered into a capital lease agreement at an interest rate between 4.43 to 4.96% with Enterprise FM Trust to purchase vehicles. The lease obligation is effective during the period from December 2017 through November 2023. Monthly payments of principle and interest of \$360 to \$968 began on December 13, 2017. Total payments for 2018 are 104,327\$ (principal of \$85,016 and interest of 19,311).

D. Debt Service Requirements to Maturity

The annual debt service requirements, including principal and interest, are as follows:

Governmental Activities:

Landfill Revenue Bonds:

Year	Principal	Interest	Total
2019	50,000	98,638	148,638
2020	50,000	96,763	146,763
2021	55,000	94,794	149,794
2022	55,000	92,731	147,731
2023	60,000	90,575	150,575
2024-2028	330,000	413,245	743,245
2029-2033	410,000	332,576	742,576
2034-2038	510,000	225,977	735,977
2039-2043	655,000	84,875	739,875
	<u>\$2,175,000</u>	<u>1,530,174</u>	<u>3,705,174</u>

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GoMESA Bonds:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	-	359,856	359,856
2020	-	415,219	415,219
2021	260,000	415,219	675,219
2022	275,000	401,244	676,244
2023	290,000	386,463	676,463
2024-2028	1,710,000	1,680,494	3,390,494
2029-2033	2,250,000	1,166,375	3,416,375
2034-2038	2,940,000	491,544	3,431,544
	<u>\$7,725,000</u>	<u>5,316,414</u>	<u>13,041,414</u>

General Obligation Bonds:

Road District No. 101:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	13,900	14,806	28,706
2020	14,400	14,248	28,648
2021	15,000	13,667	28,667
2022	15,600	13,063	28,663
2023	16,200	12,435	28,635
2024-2028	91,100	51,863	142,963
2029-2033	110,400	32,015	142,415
2034-2037	105,200	8,508	113,708
	<u>\$381,800</u>	<u>\$160,605</u>	<u>\$542,405</u>

Sub-Road District No. 1 of Road District No. 101:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	12,700	13,586	26,286
2020	13,200	13,075	26,275
2021	13,700	12,543	26,243
2022	14,300	11,990	26,290
2023	14,900	11,414	26,314
2024-2028	83,500	47,603	131,103
2029-2033	101,500	29,398	130,898
2034-2037	96,500	7,815	104,315
	<u>\$350,300</u>	<u>\$147,424</u>	<u>\$497,724</u>

Capital Leases:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$109,164	\$20,720	\$129,884
2020	114,269	15,615	129,884
2021	119,614	10,270	129,884
2022	125,092	4,674	129,766
2023	33,097	406	33,503
	<u>\$501,236</u>	<u>\$51,685</u>	<u>\$552,921</u>

Business Type Activities:

Capital Leases:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$10,216	\$1,394	\$11,610
2020	10,695	915	11,610
2021	11,197	413	11,610
2022	2,904	22	2,926
2023	-	-	-
	<u>\$35,012</u>	<u>\$2,744</u>	<u>\$37,756</u>

11. DEDICATION OF PROCEEDS & FLOW OF FUNDS-PARISH OF TANGIPAHOA, STATE OF LOUISIANA REVENUE BONDS , SERIES 2013

The parish through its governing authority adopted an ordinance on February 25, 2013, authorizing the issuance of Parish of Tangipahoa, State of Louisiana Revenue Bonds, Series 2013 in the amount of \$2,400,000 for the purpose of (i) acquiring, constructing, extending and improving the parish landfill, including the cost of placing a cap on the portion of the landfill no longer accepting waste; (ii) funding a debt service reserve fund or purchasing a reserve fund surety bond, if necessary; and (iii) paying the costs of issuing the Bonds. In that ordinance, the Bonds will be payable from the income, revenues and receipts generated by Garbage District No. 1 of Tangipahoa Parish. If such revenues are not sufficient, General Fund revenues or unrestricted revenues of the parish may be utilized. The ordinance authorized the issuance, sale and delivery of the Bonds to Crews & Associates, Inc., Little Rock, Arkansas and authorized the Parish President to execute a purchase agreement with Crews & Associates, Inc., within the parameters set forth by the ordinance. In that ordinance, certain funds are required to be established and maintained with the Paying Agent for the receipt and disbursement of Bond Proceeds. An analysis of these accounts is provided as follows:

Debt Service Fund- The bond ordinance requires that a Debt Service Fund be created to receive deposits five days prior to each Interest Payment Date of the amount required to make principal and interest payments due on such Interest Payment Date. The Paying Agent will then use the monies on deposit in the Debt Service Fund to make principal and interest payments to the bondholders, as set forth in the agreement.

At December 31, 2018, the parish was in **compliance** with this covenant.

The Debt Service Reserve Fund- The bond ordinance requires that the Debt Service Reserve fund be created and maintained to receive a portion of the proceeds of the Bonds in the amount of the Reserve Requirement, \$152,750. Monies held by the Paying Agent may be invested in Qualified Investments and the earnings on such monies must be transferred to the Debt Service Fund and applied as a credit against the parish's next installment of interest on the Bonds. If the money held in the Reserve Fund, including interest earnings, exceeds the Reserve Requirement on the Bonds, an amount equal to such excess shall be transferred by the Paying Agent to the Debt Service Fund. The Paying Agent must value the Debt Service Reserve Fund annually on November 15th. Earnings on amounts in the Reserve fund shall be transferred to the Debt Service Fund and applied as a credit against the Issuer's next installment of the interest on the Bonds. If the amount on deposit in the Reserve Fund is less than the Debt Service Reserve Fund requirement on the Bonds, the Paying Agent must notify the parish of the amount of the deficiency. Upon notification, the parish must deliver to the Paying Agent an amount sufficient to cure the deficiency in accordance to the ordinance.

At December 31, 2018, the parish was in **compliance** with this covenant.

12. DEDICATION OF PROCEEDS & FLOW OF FUNDS- ROAD DISTRICT NO. 101 OF THE PARISH OF TANGIPAHOA, LOUISIANA GENERAL OBLIGATION BONDS, SERIES 2017 AND SUB-ROAD DISTRICT NO. 1 OF ROAD DISTRICT NO. 101 OF THE PARISH OF TANGIPAHOA, LOUISIANA GENERAL OBLIGATION BONDS, SERIES 2017

The parish through its governing authority adopted ordinances 17-02 and 17-03 on February 13, 2017, authorizing the issuance of Road District No. 101 of the Parish of Tangipahoa, Louisiana General Obligation Bonds, Series 2017 and Sub-Road District No. 1 of Road District No. 101 of the Parish of Tangipahoa, Louisiana General Obligation Bonds, Series 2017 in the amount of \$392,800 and \$362,300, respectively, for the purpose of (i) financing the construction and improvements of public roads, highways and bridges; (ii) funding capitalized interest on the Series 2017 Bonds, and (iii) paying the costs of issuing the Series 2017 Bonds. Per the ordinances, the Bonds will be payable from ad valorem taxes to be levied and collected in the manner provided by Article VI, Section 33 of the Constitution of the State of Louisiana of 1974, and statutory authority supplemental thereto with an estimated three (3) mills for each district to be levied in the first year to provide for the payment of principal and interest on said bonds. Certain funds are required to be established and maintained with the Paying Agent for the receipt and disbursement of Bond Proceeds. An analysis of these accounts is provided as follows:

Debt Service Fund- The bond ordinance requires that a Debt Service Fund be established to receive deposits of the Tax and accrued interest, if any, on the Bonds. The fiscal agent depository for the Debt Service Fund shall transfer from the Debt Service Fund to the Paying Agent at least three (3) days in advance of each Interest Payment Date, funds fully sufficient to pay promptly the principal and interest falling due on such date.

The paying agent is also the parish's fiscal agent and does not require the establishment of a debt service fund. The parish is accounting for debt service payments for both bonds in separate internal debt service funds.

At December 31, 2018, the parish was in **not in compliance** with this covenant. The principal and interest payment that was due on March 1, 2018, was not paid until April 6, 2018. The money for the September 1, 2018, interest only payment should have been transferred on August 29, 2018. The parish wrote the check on August 30, 2018.

Capitalized Interest Fund- The bond ordinance requires that a Capitalized Interest Fund be created to be held by the Paying Agent. Any proceeds of the Bonds which constitute capital interest shall be deposited therein and the proceeds shall be used solely to make interest payments on the Bonds prior to receipt of sufficient Tax proceeds.

The paying agent is also the parish's fiscal agent and does not require the establishment of a Capitalized Interest Fund. The parish is accounting for capitalized interest payments for both bonds in separate internal debt service funds.

At December 31, 2018, the parish was in **compliance** with this covenant.

13. DEDICATION OF PROCEEDS & FLOW OF FUNDS-PARISH OF TANGIPAHOA, STATE OF LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES AND COMMUNITY DEVELOPMENT AUTHORITY REVENUE BONDS (TANGIPAHOA PARISH GOMESA PROJECT), SERIES 2018 (GREEN BONDS)

The parish through its governing authority adopted an ordinance on November 13, 2018, authorizing the issuance of Parish of Tangipahoa, State of Louisiana local government environmental facilities and community development authority revenue bonds (Tangipahoa parish gomesa project), series 2018 (green bonds) in the amount of \$7,725,000 for the purpose of (a) projects and activities for the purposes of coastal protection, including conservation, coastal restoration, hurricane protection, and infrastructure directly affected by coastal wetland losses; (b) mitigation of damage to fish, wildlife or natural resources; (c) implementation of a federally-approved marine, coastal or comprehensive conservation management plan; (d) mitigation of the impact of outer Continental Shelf activities through the funding of onshore infrastructure projects; and (e) associated planning and administrative costs (collectively, the "GOMESA Projects"). In that ordinance, the Bonds will be payable from an irrevocable and irrevocable pledge of GOMESA Revenues. The ordinance authorized the

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issuance, sale and delivery of the bonds to Wells Fargo Securities LLC, Jackson, Mississippi, and authorized the Parish President to execute a purchase agreement with to Wells Fargo Securities LLC., within the parameters set forth by the ordinance.

In that ordinance, certain funds are required to be established and maintained by Hancock Whitney's Trust department (Trustee) for the receipt and disbursement of bond proceeds and repayment of the bonds. The Trustee is responsible for all transfers of funds between the various bank accounts.

An analysis of these accounts is provided as follows:

Bond Proceeds Fund- The bond ordinance requires that the proceeds of the Bonds issuance be deposited into the Bond Proceeds Fund, which will be used to pay the cost of issuance and, to transfer monies to the Capitalized Interest Fund and to the Construction Fund. Any amounts remaining in the Bond Proceeds Fund one hundred eighty (180) days after delivery of the Bonds (and not specifically committed to pay additional Costs of Issuance) shall be deposited into the Construction Fund

The bonds were issued on December 19, 2018. The proceeds were correctly deposited into Capitalized Interest Fund and the Construction Fund as required. As of December 31, 2018, \$12,343 was the balance in the Bond Proceeds Fund.

Construction Fund- The bond ordinance requires that the cost of the project be paid from this fund. The funds were. When the construction of the Project is complete, the balance in the Construction Fund shall be transferred to the Debt Service Fund.

The bonds were issued on December 19, 2018. The proceeds were correctly deposited in the Construction Fund as required.

Debt Service Fund- The bond ordinance requires that a Debt Service Fund be created to receive the portions of the payments from the Revenue Fund to pay the interest and principal. Fifteen days prior to each payment date the monies are to be transferred. The Trustee will use the monies on deposit in the Debt Service Fund to make principal and interest payments to the bondholders, as set forth in the agreement.

This covenant is effective beginning in 2019.

The Debt Service Reserve Fund- The bond ordinance requires that the Debt Service Reserve fund be created and maintained by the Trustee to receive monies from the Revenue Fund in order to comply with the reserve requirement of \$415,218.76. Monies are to be transferred on the or before the fifteenth day of the month following receipt of the Pledged Revenues.

This covenant is effective beginning in 2019.

Capitalized Interest Fund- The bond ordinance requires that the Capitalized Interest Fund be funded on the date of delivery of the bonds, which was December 19, 2018. This money will be used to pay the initial debt service payments on May 1, 2019. Any amounts remaining in this account after the May 1, 2019 payment shall be transferred to the Interest Account of the Debt Service Fund.

\$152,246.88 was transferred on December 19, 2018.

At December 31, 2018, the parish was in **compliance** with this covenant.

Revenue Fund- The bond ordinance requires the Trustee to maintain a Revenue Fund in which the Pledged revenues will be received. The Trustee is required to make various transfers to other accounts throughout the year. After all required transfers, any funds remaining shall be transferred to the Residual Fund.

These required transfers are not set to begin until 2019.

Residual Fund- The bond ordinance requires the Trustee to maintain the Residual Fund to receive the balance of funds remaining in the Revenue Fund after making the required transfers. The Residual Fund shall be transferred to the Borrower on each November 1, beginning November 1, 2019.

Rebate Fund- The Rebate Fund shall be held by the Trustee but shall not be a trust account within the trust estate pledge under this Indenture. Monies on deposit shall be used to make rebate payments owed to the United State of America.

14. COMPLIANCE WITH PARISH OF TANGIPAHOA, STATE OF LOUISIANA REVENUE BONDS, SERIES 2013

The parish through its governing authority adopted an ordinance on February 26, 2013, authorizing the issuance of Parish of Tangipahoa, State of Louisiana Revenue Bonds, Series 2013 in the amount of \$2,400,000 for the purpose of (i) acquiring, constructing, extending and improving the parish landfill, including the cost of placing a cap on the portion of the landfill no longer accepting waste; (ii) funding a debt service reserve fund or purchasing a reserve fund surety bond, if necessary; and (iii) paying the costs of issuing the bonds. In that ordinance, the bonds will be payable from the income, revenues and receipts generated by Garbage District No. 1 of Tangipahoa Parish. That bond ordinance and agreement contained certain covenants and agreements in connection with the security and payment of the bonds. The major covenants contained in the bond resolution and agreement and the manner in which the parish has complied with these covenants is described as follows:

Rate Covenant- The parish and the District have agreed in the Local Services Agreement to maintain the Net Garbage Revenues in each calendar year at a minimum of 105% of the debt service requirements on the Bonds coming due during such year. The Local Services Agreement provides that the failure of the parish and the District to maintain the Rate Covenant shall result in an event of default under the Bond Ordinance. The Local Services Agreement and the Bond Ordinance are not cross defaulted.

At December 31, 2018, the parish was in compliance with the Rate Covenant.

Budget, Audit- As long as any of the bonds are outstanding and unpaid in principal or interest, the parish shall prepare and adopt a budget prior to the beginning of each fiscal year and shall furnish a copy of such budget within thirty (30) days after its adoption to the owners of any of the bonds who request the same. Additionally, the parish shall cause an audit of its books and accounts to be made by the Legislative Auditor or an independent firm of certified public accountants showing the receipts and disbursements made by the parish during the previous fiscal year. Such audit shall be available for inspection by the owner of any of the bonds.

At December 31, 2018, the parish was in compliance with this covenant.

15. COMPLIANCE WITH ROAD DISTRICT NO. 101 OF THE PARISH OF TANGIPAHOA, LOUISIANA GENERAL OBLIGATION BONDS, SERIES 2017 AND SUB-ROAD DISTRICT NO. 1 OF ROAD DISTRICT NO. 101 OF THE PARISH OF TANGIPAHOA, LOUISIANA GENERAL OBLIGATION BONDS, SERIES 2017

The parish through its governing authority adopted an ordinance on February 13, 2017, authorizing the issuance of Road District No. 101 of the Parish of Tangipahoa, Louisiana General Obligation Bonds, Series 2017 and Sub-Road District No. 1 of Road District No. 101 of the Parish of Tangipahoa, Louisiana General Obligation Bonds, Series 2017 in the amount of \$392,800 and \$362,300, respectively, for the purpose of (i) financing the construction and improvements of public roads, highways and bridges; (ii) funding capitalized interest on the Series 2017 Bonds, and (iii) paying the costs of issuing the Series 2017 Bonds. Per the ordinances, the Bonds will be payable from ad valorem taxes to be levied and collected in the manner provided by Article VI, Section 33 of the Constitution of the State of Louisiana of 1974, and statutory authority supplemental thereto with an estimated three (3) mills for each district to be levied in the first year to provide for the payment of principal and interest on said bonds. The major covenants contained in the bond ordinance and agreements and the manner in which the parish has complied with these covenants is described as follows:

Authorization of Bonds: Maturities- The Bonds shall be in fully registered form, shall be issued in Authorized denominations within a single maturity, and shall be numbered consecutively from R-1 upward. The unpaid principal of the Bonds shall bear interest from the date thereof or from the most recent Interest Payment Date to which interest has been paid or duly provided for, payable on each Interest Payment Date, commencing September 1, 2017, at not to exceed four percent (4.00%) per annum, or such lesser amount as set forth therein, and shall mature serially on March 1 of each year (with a final maturity on March 1, 2037) in amounts as set forth in the Purchase Agreement.

The parish was in **complied** with this covenant.

Registration with Secretary of State- The Bonds shall be registered with the Secretary of State of the State of Louisiana as provided by law and shall bear the endorsement of the Secretary of State of Louisiana in substantially the form set forth herein, provided such endorsement shall be manually signed only on the Bonds initially delivered to the purchaser, and any Bonds subsequently exchanged therefore as permitted in this Ordinance may bear the facsimile signature of said Secretary of State.

The parish was in **complied** with this covenant.

Pledge of Full Faith and Credit; Tax Levy- The Bonds shall constitute general obligations of the Issuer, and the full faith and credit of the Issuer is hereby pledged to the punctual payment of the Bonds in accordance with the authority of Article VI, Section 33 of the Constitution of the State of Louisiana of 1974, and constitutional and statutory authority supplemental thereto. The Issuer obligates itself and is bound under the terms and provisions of law and the election authorizing the Bond to impose and collect annually in excess of all other taxes the Tax on all property subject to taxation within the territorial limits of the Issuer sufficient to pay principal of and interest on the Bonds falling due in each year, said Tax to be levied and collected by the same officers, in the same manner and at the same time as other taxes are levied and collected within the territorial limits of the Issuer. The proceeds of such Tax shall be devoted and applied to the payment of said interest and principal as such shall become due and without further action on the part of the Governing Authority, the proper officer or officers are hereby authorized and directed, beginning with the year 2017, to include in the annual levy of taxes upon, and to extend upon the assessment rolls against, all taxable property situated within the territorial limits of the Issuer, a sum sufficient to pay the principal of, premium, if any, and interest on the Bonds becoming due the ensuing year.

The parish was in **complied** with this covenant.

Project Fund- The District reasonably expects as follows with respect to the Proceeds of the Series 2017 Bonds (the "Improvement Project Proceeds") that will be deposited to a fund established by the District (the "Project Fund"): (1) The District will allocate at least eighty-five percent (85%) of the Net Sale Proceeds of the Series 2017 Bonds to expenditures for the Improvement Project within three (3) years of the Issue Date, as set forth in the District's Spending Schedule.

The parish completed the project and spent 100% of Improvement Project proceeds by December 31, 2018.

At December 31, 2018, the parish was **in compliance** with this section of the Tax Compliance and No Arbitrage Certificate.

16. . COMPLIANCE WITH PARISH OF TANGIPAHOA, STATE OF LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES AND COMMUNITY DEVELOPMENT AUTHORITY REVENUE BONDS (TANGIPAHOA PARISH GOMESA PROJECT), SERIES 2018 (GREEN BONDS)

The major covenants contained in the bond resolution and agreement are not effective until the fiscal year ended December 31, 2019.

17. LANDFILL CLOSURE AND POSTCLOSURE COSTS

State and federal laws and regulations require Tangipahoa Parish Government to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. In addition to operating expenses relating to current activities of the landfill, an expense provision and related liability are being recognized based on the future closure and postclosure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of these landfill closure and postclosure care costs is based on the amount of the landfill used during the year. The estimated liability for landfill closure and postclosure care costs is \$5,036,290 as of December 31, 2018, which is based on 54.92 percent usage (filled) of the landfill. The percentage usage reflects an update in the engineering estimate of percentage usage, and the related estimated liability for landfill closure and postclosure costs required by the Louisiana Department of Environmental Quality (LDEQ) regulations for postclosure care of solid waste facilities. It is estimated that \$4,360,000 will be recognized as closure and postclosure care expenses between the date of the balance sheet and the date the landfill is expected to be filled to capacity in 19.5 years (July 2037). The estimated total current cost of the landfill closure and postclosure care costs of \$9,170,000 is based on the amount that would be paid (with year 2018 dollars) if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of December 31, 2018. However, the actual cost of closure and postclosure care may be higher due to inflation or deflation, changes in technology, or changes in landfill laws and regulations. In addition, total closure and postclosure costs, as well as estimates of percentage usage of the landfill, will change as any additional cells are permitted to accept additional waste. The aforementioned dollar amounts are based on information provided by Fourrier & de Abreu Engineers, L.L.C.

Tangipahoa Parish Government anticipates that the liability for closure and postclosure cost will be funded on a “pay-as-you-go basis”, if allowed. The management of Tangipahoa Parish Government understands that it satisfies the Local Government financial test due to meeting the financial ratio thresholds.

18. PENSION PLAN

Plan Description. Substantially all full-time employees of the Tangipahoa Parish Government are members of the Parochial Employees’ Retirement System of Louisiana (System), a multi-employer (cost-sharing), public employee retirement system (PERS), controlled and administered by a separate board of trustees. The System is composed of two (2) distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the parish are members of Plan A.

All permanent employees working at least 28 hours per week who are paid wholly or in part from parish funds and all elected parish officials are eligible to participate in the System. New employees meeting the age and social security criteria have up to ninety (90) days from their date of hire to elect to participate. Under Plan A the eligibility provisions are as follows:

<u>Hired Prior to January 1, 2007</u>	<u>Hired January 1, 2007, and Later</u>
7 years and age 65	7 years and age 67
10 years and age 60	10 years and age 62
25 years and age 55	30 years and age 55
30 years and any age	

The retirement allowance is equal to three percent of the member’s final average compensation multiplied by his years of creditable service. Final average compensation shall be defined as the average of the highest consecutive 36 months salary for members hired prior to January 1, 2007. For members hired January 1, 2007, and later, final average compensation shall be defined as the average of the highest consecutive 60 months salary.

Any employee who was a member of the supplemental plan only prior to the revision date (January 1, 1980) has the benefit earned for service credited prior to the revision date on the basis of one percent of final compensation plus two dollars per month for each year credited prior to the revision date, and three percent of final compensation plus two dollars per month for each year credited prior to the revision date, and three percent of final compensation for each year of service credited after the revision date. The retirement allowance may not exceed the greater of one hundred percent of a member's final salary or the final average compensation. Employees who terminate with at least the amount of creditable service stated above and do not withdraw their employee contributions may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

Employers shall pay the actuarial cost of leave conversion at the time of retirement for those members enrolled January 1, 2007, and later.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Parochial

Employees' Retirement System, Post Office Box 14619, Baton Rouge, Louisiana 70898-4619, or by calling (225) 928-1361.

Funding Policy. Under Plan A, members are required by state statute to contribute 9.5 percent of their annual covered salary and Tangipahoa Parish Government is required to contribute at an actuarially determined rate. The rate for 2018 is 11.50 percent of annual covered payroll. Contributions to the System also include one-fourth of one percent (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and Tangipahoa Parish Government are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Tangipahoa Parish Government's contributions to the System under Plan A for the years ending December 31, 2018, 2017, and 2016 were \$1,508,082, \$1,508,453, and \$1,389,268 respectively, equal to the required contributions for each year.

Part-time employees of the parish are members of the social security system. In addition to employee payroll deductions, parish funds are remitted to match the employee contributions. Aggregate contributions to the social security system for the year ended December 31, 2018, were \$100,688 of which \$50,344 was contributed by the parish.

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

At December 31, 2018, the parish reported an asset of \$(1,455,224) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2017, and the total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The parish's proportion of the net pension liability (asset) was based on a projection of the parish's long-term share of contributions to the pension plan relative to the projected contributions of all participants, actuarially determined. At December 31, 2017, the parish's proportion was 1.960567 percent.

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For the year ended December 31, 2018, the parish recognized pension expense of \$1,841,833. At December 31, 2018, the parish reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$942,000
Changes of assumptions	1,836,709	-
Net difference between projections and actual earnings on pension plan investments	-	3,361,990
Changes in proportion and difference between parish contributions and proportionate share of contributions	53,984	756
Parish contributions subsequent to the measurement date	<u>1,508,082</u>	<u>-</u>
Total	<u>\$3,398,775</u>	<u>\$4,304,746</u>

\$1,508,082 reported as deferred outflows of resources related to pensions resulting from parish contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	
2018	\$ 236,772
2019	(203,574)
2020	(1,114,747)
2021	(1,332,504)
2022	-
Thereafter	-

Actuarial assumptions. The total pension liability (asset) in the December 31, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date	December 31, 2017
Actuarial cost method	Entry Age Normal
Actuarial assumptions:	
Investment rate of return	6.75% (Net of investment expense)
Projected salary increase	5.25% (2.75% Merit, 2.50% Inflation)
Mortality rates	RP-2000 Employee Sex Distinct Table was selected for employees. RP-2000 Healthy Annuitant Sex Disting Table was selected for annuitants and beneficiaries. RP-2000 Disabled Lives Mortality Table was selected for disabled annuitants.
Expected remaining service lives	4 years
Cost of living adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increase not yet authorized by the Board of Trustees.

The actuarial assumptions used in the December 31, 2017, valuation (excluding Mortality) was based on actuarial funding valuation and results of an actuarial experience study for the period January 1, 2010, to December 31, 2014, unless otherwise specified.

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The long-term expected real rate of return on pension plan investments was determined using a triangulation method in 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 2.00% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.62% for the year ended December 31, 2017.

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of December 31, 2017, are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Fixed Income	35%	1.24%
Equity	52%	3.57%
Alternatives	11%	.69%
Real assets	2%	.12%
Total	<u>100%</u>	<u>5.62%</u>
Inflation		2.00%
Expected Arithmetic Nominal Return		7.62%

Discount Rate. The discount rate used to measure the total pension liability (asset) was 6.75% for Plan A. 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 Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the System'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 projected benefit payments to determine total pension liability (asset).

Sensitivity to Changes in Discount Rate:

The following presents the net pension liability (asset) of the participating employers calculated using the discount rate of 6.75%, as well as what the employers' net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower 5.75 % or one percentage point higher 7.75 % that the current rate.

	<u>Changes in Discount Rate 2017</u>		
	<u>1% Decrease</u> 5.75%	<u>Current Discount Rate</u> 6.75%	<u>1% Increase</u> 7.75%
Net Pension Liability (Asset)	<u>\$7,174,783</u>	<u>\$(1,455,224)</u>	<u>\$(8,747,562)</u>

19. DEFERRED COMPENSATION PLAN

Tangipahoa Parish Government offers its employees two deferred compensation plans adopted under the provisions of the Internal Revenue Code 457. One plan, with Nationwide Retirement Solutions, Inc. (formerly Public Employees Benefits Service Corporation), is available to all parish employees and permits them to defer a portion of their salaries until future years. No portion of this deferred compensation is paid by the parish. The other plan, with State of Louisiana Deferred Compensation Plan, is available only to those employees who are not members of the Parochial Employees' Retirement System of Louisiana. This plan also permits eligible parish employees to defer a portion of their salaries until future years. The parish pays 7.5% of the eligible employees' salaries into this plan.

The deferred compensation of both plans is not available to employees until termination, retirement, death, or unforeseeable emergency.

Complete disclosures relating to the State of Louisiana Deferred Compensation Plan are included in the separately issued audit report for the State of Louisiana Deferred Compensation Plan, available from the Louisiana Legislative Auditor, Post Office Box 94397, Baton Rouge, Louisiana 70804-9397.

During 2018, the parish contributed a total of \$97,758 to the State of Louisiana Deferred Compensation Plan.

20. OTHER POSTEMPLOYMENT HEALTH CARE BENEFITS

Plan Description. In accordance with Ordinance 06-26 adopted on May 8, 2006, employees who retire from the parish with at least 7 years of service may qualify for participation in the Retirement Group Insurance Plan (RGIP). RGIP is a self-administered, single-employer, defined benefit plan. RGIP provides medical benefits to eligible retirees and their spouses. The participant must also have been covered under the Employee Group Insurance Plan for at least one year prior to retirement. A plan participant may only select coverage up to the extent that the participant had coverage under the Employee Group Insurance Plan prior to retirement. The participant may reduce coverage but may not increase coverage. RGIP does not issue stand-alone financial reports, but includes the RGIP Net Position in the fiduciary fund statements and presents the Net OPEB Liability in the noncurrent liabilities section of the statement of Net Position.

Employees covered

As of the January 1, 2018 actuarial valuation, the following current and former employees were covered by the benefit terms under the RGIP Plan:

Active employees	272
Retirees	37
Beneficiaries	2
Spouses of retirees	<u>17</u>
Total	<u>328</u>

Contributions. The parish's portion of the post-retirement benefit is as follows:

Years of Service	Parish's Portion
7-9	None
10-14	25% of the total premium up to \$350 per month
15 or more	50% of the total premium up to \$350 per month

Once the participant and spouse are eligible for Medicare, the participant can elect to move to the parish Medicare Supplement Plan. If elected, the parish will pay 100% of the premium up to \$350 per month. For the fiscal year ended December 31, 2018, the Parish's cash contributions were \$467,961 in payments to the trust. In Fiscal Year 2018, the Parish created the Tangipahoa Parish Retiree Benefits Funding Trust with Hancock Whitney Trust and Asset Management for the purpose of prefunding obligations for past services.

Actuarial Methods and Assumptions:

The Net OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	4.10%
Salary Increases	5.25%, including inflation
Inflation	2.5%
Medical Trend Rate	4.0% to 5.2%
Mortality	Pre and Post Retirement: Sex Distinct RP 2000 Combined Healthy Mortality Table using Scale BB

The discount rate for calculating the net OPEB liability is equal to the single equivalent rate that results in the same actuarial present value as the long term expected rate of return applied to benefit payments, to the extent that the plans's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payments, to the extent that the plan's fiduciary net position is not projected to be sufficient.

Changes in Net OPEB Liability:

	Total OPEB Liability	Increase (Decrease) Plan Fiduciary Net Position	Net OPEB Liability
Balance at December 31, 2017	\$3,415,054	\$ -	\$3,415,054
Changes for the year:			
Service Cost	99,528		99,528
Interest on total OPEB liability	(119,165)		(119,165)
Effect of assumptions changes or inputs	(177,890)		(177,890)
Benefit payments	(101,871)	(101,871)	-
Employer contributions	-	467,961	(467,961)
Net investment income	-	5,060	(5,060)
Administrative expenses	-	(12,000)	12,000
Balance at December 31, 2018	<u>\$3,353,986</u>	<u>\$359,150</u>	<u>\$2,994,836</u>

Sensitivity Analysis

The following presents the parish's net OPEB liability calculated using the discount rate of 4.10%, as well as what the parish's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (3.10%) or 1 percentage-point-higher (5.10%) than the current discount rate:

	1% Decrease 3.10%	Current Discount Rate 4.10%	1% Increase 5.10%
Net OPEB Liability	\$3,271,015	\$2,994,836	\$2,753,980

Sensitivity of the Total OPEB Liability to Changes in Healthcare Cost Trends Rate:

The following presents the parish's net OPEB liability calculated using the current healthcare cost trend rates as well as what the parish's net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rate:

	1% Decrease	Current Trend Rate	1% Increase
Net OPEB Liability	\$2,847,560	\$2,994,836	\$3,164,211

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflow of Resources Related to OPEB:

The parish's net OPEB liability of \$ 2,994,836 was measured as of December 31, 2018 and was determined by an actuarial valuation as of January 1, 2018.

For the year ended December 31, 2018, the parish recognized OPEB expense of \$202,888. As of December 31, 2018, the parish reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ -	\$(155,928)
Difference between projected and actual earnings	<u>783</u>	<u>-</u>
Total	<u>\$ 783</u>	<u>\$(155,928)</u>

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended December 31:	
2019	\$(21,766)
2020	(21,766)
2021	(21,766)
2022	(21,767)
2023	(21,962)
Thereafter	(46,118)

21. FUND BALANCES

Fund balances for governmental funds as of December 31, 2018, consist of the following:

	General Fund	Road and Bridge Funds	Garbage District No. 1 Fund	Hazard Mitigation Fund	Other Governmental Funds
<u>Restricted:</u>					
Grant provisions	\$ 679,072		\$ -	\$ -	\$ 1,781,936
Property tax millage	-		6,371,344		3,958,163
Sales tax levy	-	10,166,109			-
Debt Service	7,458,855		152,984		196,661
Juror and Witness Fees	-				46,770
Cable Contract	-				33
<u>Committed:</u>					
Rainy Day Fund	815,862				-
Industrial Dev. Board	-				87,652
<u>Assigned:</u>					
Health Reimbursement	252,063	322,050	120,443		120,541
Animal Control	-				152,739
Florida Parishes Arena	-				142,851
<u>Unassigned:</u>					
	2,177,488	-	-	(170,088)	(62,119)
	<u>\$11,383,340</u>	<u>\$10,488,159</u>	<u>\$ 6,644,771</u>	<u>\$ (170,088)</u>	<u>\$ 6,425,227</u>

22. LITIGATION AND CLAIMS

At December 31, 2018, the parish is involved in litigation or is aware of various claims totaling an undetermined amount. Legal counsel for Tangipahoa Parish Government has determined that the losses (if any) cannot be reasonably estimated at this time; accordingly, no liability has been recorded in these financial statements.

Claims and litigation costs of \$2,496 were paid in the current year and recorded as a current year expenditure in the Road and Bridge Fund and the Garbage District #1 Fund.

23. COMPENSATION PAID TO PARISH PRESIDENT AND COUNCIL/BOARD MEMBERS

The schedule of compensation paid is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature.

Compensation paid to the Parish President and Council members for the year ended December 31, 2018, is as follows:

Robby Miller, President	\$ 146,562
Trent Forest	19,200
James Bailey	19,200
Louis Joseph	19,200
Carlo Bruno	19,200
Buddy Ridgel	19,200
Joey Mayeaux	19,200
Lionel Wells	19,200
David Vial	19,200
Harry Lavine	19,200
Bobby Cortez	19,200
	<u>\$ 338,562</u>

24. RESTATED FUND BALANCE / NET POSITION

A. The following funds beginning fund balance has been restated to reflect the retroactive recording of prior period adjustments to the December 31, 2017, balance:

General Fund

Fund balance at December 31, 2017	\$2,516,471
Decrease in adjudicated property revenue	(3,369)
Decrease in prior year salary expense. Reclass to Garbage Maintenance Fund	60,985
Decrease in prior year salary expense. Reclass to Garbage Maintenance Fund	61,683
Increase in prior year economic development revenue	45,667
Decrease in prior year admin expense	10,012
Fund balance at December 31, 2017, as restated	<u>\$2,691,449</u>

Road and Bridge Fund

Fund balance at December 31, 2017	\$10,843,241
Increase in Capital Outlay Wardline Road.	(36,788)
Increase in prior year grant revenue- Troy Spears Road	39,350
Increase in prior year grant revenue- Leo Lane	34,444
Increase in prior year admin expense	(27,089)
Fund balance at December 31, 2017, as restated	<u>\$10,853,158</u>

Garbage Maintenance Fund

Fund balance at December 31, 2017	\$8,134,589
Increase in prior year salary expense. Reclass from General Fund	(60,985)
Increase in prior year salary expense. Reclass from General Fund	(61,683)
Increase in prior year admin expense	(19,712)
Fund balance at December 31, 2017, as restated	<u>\$7,992,209</u>

Tangipahoa Parish Government
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Hazard Mitigation Fund

Fund (deficit) at December 31, 2017	\$(55,618)
Decrease in prior year revenue- Wardline Road	(2,844)
Increase in prior year revenue- Wardline Road	39,545
Increase in prior year revenue- Wardline Road	4,617
Fund (deficit) at December 31, 2017, as restated	<u>\$(14,300)</u>

Proprietary Fund

Fund balance at December 31, 2017	\$504,306
Increase in prior year Parochial retirement expenditure	(1,761)
Increase in prior year admin revenue	35,082
Fund balance at December 31, 2017, as restated	<u>\$537,627</u>

Road Lighting District #1

Fund balance at December 31, 2017	\$36,702
Increase in prior year admin expense	(28)
Fund balance at December 31, 2017, as restated	<u>\$36,674</u>

Road Lighting District #2

Fund balance at December 31, 2017	\$85,707
Increase in prior year admin expense	(39)
Fund balance at December 31, 2017, as restated	<u>\$85,668</u>

Road Lighting District #3

Fund balance at December 31, 2017	\$63,088
Decrease in prior year admin expense	312
Fund balance at December 31, 2017, as restated	<u>\$63,400</u>

Road Lighting District #4

Fund balance at December 31, 2017	\$60,884
Decrease in prior year admin expense	43
Fund balance at December 31, 2017, as restated	<u>\$60,927</u>

Road Lighting District #5

Fund balance at December 31, 2017	\$143,587
Decrease in prior year admin expense	265
Fund balance at December 31, 2017, as restated	<u>\$143,852</u>

Tangipahoa Parish Government
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Road Lighting District #6

Fund balance at December 31, 2017	\$1,169,180
Decrease in prior year admin expense	<u>821</u>
Fund balance at December 31, 2017, as restated	<u>\$1,170,001</u>

Road Lighting District #7

Fund balance at December 31, 2017	\$178,566
Decrease in prior year admin expense	<u>584</u>
Fund balance at December 31, 2017, as restated	<u>\$179,150</u>

Health Unit Fund

Fund balance at December 31, 2017	\$2,701,131
Decrease in prior year admin expense	<u>1,622</u>
Fund balance at December 31, 2017, as restated	<u>\$2,702,753</u>

Animal Shelter Fund

Fund balance at December 31, 2017	\$102,348
Increase in prior year revenue -Amite Animal Fees	12,423
Increase in prior year revenue – Ponchatoula Animal Fees	19,677
Decrease in prior year expense	<u>917</u>
Fund balance at December 31, 2017, as restated	<u>\$135,365</u>

Section 8

Fund balance at December 31, 2017	\$1,505,890
Void old outstanding checks	17,657
Increase prior year revenue	389
Increase prior year revenue	1,216
Decrease in prior year revenue	(3,849)
Decrease in prior year revenue	<u>(1,965)</u>
Fund balance at December 31, 2017, as restated	<u>\$1,519,338</u>

Witness Fee Fund

Fund balance at December 31, 2017	\$13,750
Increase in prior year admin expense	<u>(324)</u>
Fund balance at December 31, 2017, as restated	<u>\$13,426</u>

Industrial Board Fund

Fund balance at December 31, 2017	\$69,924
Increase in prior year admin expense	<u>(5)</u>
Fund balance at December 31, 2017, as restated	<u>\$69,919</u>

Tangipahoa Parish Government
Notes to the Financial Statements
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Florida Parishes Arena Fund

Fund balance at December 31, 2017	\$148,276
Increase in prior year admin expense	<u>(263)</u>
Fund balance at December 31, 2017, as restated	<u>\$148,013</u>

Juror Per Diem Fund

Fund balance at December 31, 2017	\$30,811
Increase in prior year admin expense	<u>(556)</u>
Fund balance at December 31, 2017, as restated	<u>\$30,255</u>

Shelter Grant

Fund balance at December 31, 2017	\$13,308
Increase in prior year admin expense	<u>(1,833)</u>
Fund balance at December 31, 2017, as restated	<u>\$11,475</u>

Council Chamber Communications Fund

Fund balance at December 31, 2017	\$ -
Decrease in prior year admin expense	<u>27</u>
Fund balance at December 31, 2017, as restated	<u>\$ 27</u>

Road District 101 Sinking

Fund balance at December 31, 2017	\$94,587
Increase in prior year admin expense	<u>(810)</u>
Fund balance at December 31, 2017, as restated	<u>\$93,777</u>

Road District 101 Sub Sinking

Fund balance at December 31, 2017	\$96,306
Increase in prior year admin expense	<u>(784)</u>
Fund balance at December 31, 2017, as restated	<u>\$95,522</u>

B. The beginning net position of the Governmental Funds has been restated:

Net Position at December 31, 2017	\$210,090,763
Effect of prior period adjustments made to fund balance	162,651
Effect of capital lease obligations	(57,588)
Effect of beginning lease capital assets adjustment	57,520
Effect of beginning capital assets for infrastructure depreciation correction	41,431
Effect of beginning net OPEB liability (GASB 75)	<u>(1,094,222)</u>
Net position at December 31, 2017, as restated	<u>\$209,200,555</u>

As a result of the above prior period adjustments, the Change in Net Position for the year ended December 31, 2017, has been adjusted from \$210,090,763 to \$209,200,555, a difference of (\$890,208).

25. RESTRICTED NET POSITION

As of December 31, 2018, governmental activities had restricted net position as explained below:

General Fund \$9,205,854; \$815,863 in compliance with Ordinance 13-40 establishing a reserve fund, \$252,063 for funding of the Healthcare Reimbursement Account, \$679,073 for grant restrictions, and \$7,458,855 for debt service for 2018 GoMESA revenue bonds.

Road and Bridge Fund \$322,050 for funding of the Healthcare Reimbursement Account.

Garbage District No. 1 Fund \$273,426; \$152,983 for debt service for 2013 revenue bonds, \$120,433 for funding of the Healthcare Reimbursement Account.

Health Unit Fund \$84,526 for funding of the Healthcare Reimbursement Account.

Animal Shelter Fund \$36,015 for funding of the Healthcare Reimbursement Account.

Road Light 101 Sinking Fund \$98,437 for debt service.

Road Light 101 Sub-sinking Fund \$98,224 for debt service.

Internal Service Fund \$43,160 for funding of the Healthcare Reimbursement Account.

26. CONTRACT WITH SDT WASTE & DEBRIS SERVICES, L.L.C. / PROGRESSIVE WASTE SOLUTIONS OF LA, INC.

Tangipahoa Parish Government entered into an agreement with SDT Waste & Debris Services, L.L.C. on May 22, 2009, for the collection, transportation, and disposal of residential solid waste, a five year contract through April 30, 2014. SDT Waste & Debris Services, L.L.C. will pay a disposal cost of \$12 per ton for residential waste collected in unincorporated areas.

On December 20, 2011, Progressive Waste Solutions of LA, Inc. bought SDT Waste & Debris Services, LLC and assumed the solid waste contract with Tangipahoa Parish Government. On June 25, 2012, Tangipahoa Parish Government introduced Ordinance No. 12-32 to assign the contract with SDT Waste & Debris Services, LLC to Progressive Waste Solutions of LA, Inc. This ordinance was adopted on July 13, 2012.

The SDT Waste & Debris Services, L.L.C. contract that was assigned to Progressive Waste Solutions of LA, Inc. renewed on May 1, 2014, for 5 years.

27. RISK MANAGEMENT

Tangipahoa Parish Government is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The parish attempts to minimize risk from significant losses through the purchase of commercial insurance. The parish's general liability policy does not cover the Section 8 program, nor does it cover road hazards.

28. CUSTODIAL CREDIT RISK - DEPOSITS

Custodial credit risk is the risk that in the event of a bank failure, the parish's deposits may not be returned to it. The parish does not have a deposit policy for custodial credit risk. As of December 31, 2018, \$20,133,598 of the parish's bank balances are exposed to custodial credit risk. The \$20,133,598 is uninsured but collateralized with securities held by the pledging institution's trust department or agent, but not in the parish's name.

29. INDUSTRIAL DEVELOPMENT BOARD

- a) In 2002, the parish purchased the Wal-Mart Warehouse and Distribution Center land and a portion of the improvements thereon for \$3,995,000 these funds were received by the parish from the Louisiana Division of Administration Facility Planning and Control. The parish then conveyed title to the land and improvements to the Industrial Development Board of the Parish of Tangipahoa, Inc. The Industrial Development Board of the Parish of Tangipahoa, Inc. (Board) is a non-profit corporation formed under the provisions of L.R.S.-51:1151.

The Board issued \$40,000,000 of taxable revenue bonds. These bonds were purchased by Wal-Mart Stores, Inc.

The outstanding bonds payable of \$40,000,000 of the Wal-Mart facility is not reflected in the accompanying financial statements.

The Board leased the land and improvements to Wal-Mart Stores East, Inc. for lease payments sufficient to pay the principal and interest on the bonds. The lease agreement also provides for the payment of \$550,000 to the Board in the initial year of the lease and a payment of \$275,000 in February of each year thereafter. The lease term is from October 1, 2003, through February 1, 2021. At the end of the lease term, or earlier if Wal-Mart Stores East, Inc. elects, the interest of the Board in the leased facility will be sold to Wal-Mart Stores East, Inc.

- b) The Board also issued \$4,000,000 of taxable revenue bonds to finance the expansion of Elmer Candy Corporation. The Board acquired the expansion and then entered into a lease agreement with Elmer Candy Corporation for lease payments sufficient to pay the principal and interest on the bonds. Under the lease, \$833 is also payable monthly to the Tangipahoa Parish Government. The lease term is from October 1, 2002, through December 1, 2022. Elmer Candy Corporation has the option to purchase the leased facilities upon payment in full of the bonds. On March 13, 2015, the bonds were paid in full.
- c) On December 21, 2017, the Board acquired land and improvements from Intralox, LLC with the purchase price being a payment in lieu of taxes (PILOT) program for the purpose of locating and expanding Intralox's manufacturing facilities in Tangipahoa parish. On that same day, the Board entered into a lease agreement and agreement to issue up to \$10,000,000 of taxable revenue bonds.

The term of the lease is from December 21, 2017, through December 31, 2042. The premises revert back to Intralox, LLC after all sums due to the Board have been paid under the lease.

Under the PILOT program, Intralox, LLC is to pay an annual administrative fee of \$10,000 beginning in December 2018. There will also be an annual PILOT payment beginning in December 2018 calculated using the agreed upon formula.

As of December 31, 2018, the Board had not issued any bonds for this project.

30. CHANGE IN AGENCY FUNDS

A summary of changes in agency fund deposits due others follows:

	Balance 01-01-18	Additions	Reductions	Balance 12-31-18
Payroll liability fund	<u>\$253,227</u>	<u>\$15,193,976</u>	<u>\$14,434,015</u>	<u>\$1,013,188</u>

31. COMMITMENTS AND CONTINGENCIES

The parish is self-insured for unemployment claims. A reserve of \$47,307 is recorded in the payroll liability fund at December 31, 2018. Unemployment expenses of \$9,246 were paid from the fund during the year ending December 31, 2018. No additional reserves were accrued during 2018.

The parish had three active construction projects as of December 31, 2018. At year end, the commitments were with the following contractors:

	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Beverly Construction (Club Deluxe Road)	\$ 1,697,929	\$ 5,350,735
Low Land Construction Co. Inc. (Troy Spears Rd Bridge)	33,333	226,844
Magee Excavation & Development, LLC (Wardline Rd drainage)	205,412	647,074
	<u>\$ 1,936,674</u>	<u>\$ 6,224,653</u>

The parish had thirty-two professional services contracts as of December 31, 2018. At year end the commitments with the contractors are as follows:

	<u>Spent to Date</u>	<u>Remaining Commitment</u>
AT&T Southeast (Utility Relocation)	\$ -	\$ 13,216
Burke Kleinpeter (Wardline Rd)	5,310	26,287
Dana Brown & Associates	32,927	41,821
Elos Environmental, LLC (Monitor Dredging of Tangipahoa River)	25,200	3,600
Elos Environmental, LLC (Water Resource Reform Development Act)	5,146	14,855
Elos Environmental, LLC (Manchac Greenway)	17,450	52,350
ECM Consultants, Inc.	-	24,872
Florida Parishes Human Services Authority	53,235	151,375
Franklin Engineers & Consultants	2,000	7,000
Franklin Engineers & Consultants	-	9,570
Franklin Engineers & Consultants	30,673	6,000
Franklin Engineers & Consultants	-	85,596
Franklin Engineers & Consultants	-	27,323
Holly & Smith Architects, APAC	22,000	44,000
Hunt, Guillot & Assoc. (Club Deluxe)	42,180	56,120
Hydrik	6,000	6,000
Infinity Engineering (Jail)	4,180	864
K & L Testing, Inc.	1,251	18,749
Kyle & Associates, LLC (Leo Lane Bridge)	14,164	15,811
Kyle & Associates, LLC (Troy Spears Bridge)	18,551	14,550
Linfield, Hunter, & Junius (Club Deluxe Subsurface Construction Observation)	30,946	32,210

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Linfield, Hunter, & Junius (Club Deluxe Subsurface Drainage)	25,299	26,331
Linfield, Hunter, & Junius (Club Deluxe Construction Observation)	101,354	105,490
Linfield, Hunter, & Junius (Club Deluxe Widening)	24,474	30,170
Meyer Engineers, LTD (Beaver Creek)	5,816	12,759
Meyer Engineers, LTD (N. Tangipahoa Retention Pond)	-	15,000
Pontchartrain Engineers & Surveyors (Village of Tangipahoa Sewer Improvements)	13,020	6,980
Professional Engineering Consultants (Chappapeela Drainage)	133,008	38,000
Spangler Engineering (Hoover Rd)	-	232,292
Spangler Engineering (Ponchatoula Ash Street Drainage)	-	4,000
Spangler Engineering (Vineyard Road Bridge)	30,380	20,549
The Slone Group, LLC	12,160	21,680
	<u>\$ 656,724</u>	<u>\$ 1,165,420</u>

32. CHERRY POINT DEVELOPMENT, LLC

Tangipahoa Parish Housing Authority (“TPHA”), through its governing entity, Tangipahoa Parish Government, formed a Louisiana Limited Liability Company as a member of Cherry Point Development, LLC as a 51% member on February 11, 2013. Cherry Point Development, LLC is the Developer of a project located in Hammond, Tangipahoa Parish, Louisiana, and to be known as Cherry Point Subdivision. Tangipahoa Parish Government will receive 51% of the payable developer fee. As per the definition in the 2013 Qualified Allocation Plan, Cherry Point does qualify as a Public Housing Agency project. Tangipahoa Parish Government did not receive any developer fees for FYE December 31, 2018.

33. OTHER MATTERS - INVESTIGATION BY TANGIPAHOA PARISH SHERIFF INTO POTENTIAL PAYROLL FRAUD

In May 2018, the parish contacted the Tangipahoa Parish Sheriff requesting an investigation into a potential payroll fraud by some employees. On that same day, the District Attorney and the Louisiana Legislative Auditor were notified. The Tangipahoa Parish Sheriff office investigated the emergency call out (ECO) time fraud. The overtime payroll fraud was not investigated by the Tangipahoa Parish Sheriff due to insufficient evidence. Two of the employees were terminated by the parish during 2018. The Tangipahoa Parish Sheriff arrested the two former employees, and court dates were scheduled for June 2019, but were continued without notice.

No provision for any receivable that may result from the above has been included in the accompanying financial statements due to the estimated amount of restitutions being unknown at this time, but believed to be less than \$10,000; an amount immaterial to the financial statements.

34. TAX ABATEMENTS

The Louisiana Industrial Ad Valorem Tax Exemption Program (ITEP) is an original state incentive program which offers attractive tax incentive for manufacturers within the state. The program abates, for up to ten years, local property taxes (ad valorem) on a manufacturer's new investment and annual capitalized additions related to the manufacturing site. This exemption is granted per contract with the Louisiana Department of Economic Development and will specify the buildings and / or personal property items covered by the exemption. There are currently twenty-eight tax abatements in Tangipahoa Parish, related to six companies, under the Louisiana ITEP. For the 2018 calendar year, the estimated forgone ad valorem taxes due to this abatement program was \$110,683.

35. CHANGE IN ACCOUNTING PRINCIPLE:

Effective January 1, 2018, the parish adopted Governmental Accounting Statement No. 75 -*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. GASB Statement No. 75 establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures for defined benefit other postemployment benefit plans (OPEB). This Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

As a result of the adoption of the new accounting standard, the parish's beginning net position reported on the government-wide financial statements decreased by \$1,094,222 and beginning OPEB liability increased by \$ by \$1,094,222.

36. SUBSEQUENT EVENTS

Subsequent to December 31, 2018, the following events occurred:

- Council approved the low bid from Greenbriar Digging Services, LLC for \$145,350 for the Village of Tangipahoa wastewater project.
- Council approved Change Order No. 2 adding \$280,824 for Club Deluxe Road Widening Project.
- Council approved low bid from Barriere Construction for \$3,519,116 for the Phase XX road overlay project.
- Council approved low bid from Gray Construction Corporation for \$704,750 for the repair of Vineyard Road Bridge over Skulls Creek.
- Council approved low bid from Vector Sales for \$68,784 to purchase airvolution fans at the Arena.
- Council accepted Substantial Completion of Troy Spears Road Bridge Replacement.
- Council approved Change Order No. 2 adding \$53,540 for Wardline Road Drainage Improvements.
- Council approved the low bid of \$935,390 from Environmental Specialties International for Landfill Cell 14.
- Council approved the low bid of \$299,615 from Vance Brothers, Inc. for the 2019 microsurface project.

Subsequent events have been evaluated by management through June 27, 2019, the date the financial statements were available to be issued. No other events were noted that require recording or disclosure in the financial statements for the fiscal year ending December 31, 2018.

Required Supplementary Information (Part II)

TANGIPAOHA PARISH GOVERNMENT
Amite, Louisiana
BUDGET COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes:				
Sales	\$ 5,750,000	\$ 5,500,000	\$ 5,542,324	\$ 42,324
Ad valorem	1,348,000	1,344,400	1,354,064	9,664
Franchise	825,000	800,000	759,951	(40,049)
Licenses, permits, and rent	1,856,550	1,788,800	1,845,132	56,332
Intergovernmental revenues:				
Federal funds:				
Federal grants	320,000	320,000	1,035,852	715,852
State funds:				
State revenue sharing	92,000	92,000	89,499	(2,501)
Severance tax	200,000	350,000	445,584	95,584
State appropriations	180,000	183,000	186,632	3,632
State grants	230,000	230,000	75,826	(154,174)
2% fire insurance rebate	570,000	570,000	508,148	(61,852)
Alcoholic beverage tax	50,000	35,000	6,828	(28,172)
Fees, charges, and commissions for services				
	126,000	127,000	205,877	78,877
Fines and forfeitures	10,000	2,000	2,500	500
Interest	22,000	45,000	44,968	(32)
Other revenues	3,581,480	3,428,872	3,406,448	(22,424)
Total Revenues	15,161,030	14,816,072	15,509,633	693,561
Expenditures				
General government:				
Legislative	2,539,694	2,126,635	2,943,680	(817,045)
Judicial	5,180,295	5,168,440	2,670,449	2,497,991
Elections	198,250	199,100	201,116	(2,016)
Finance and administrative	1,721,172	1,673,872	1,578,512	95,360
Public safety	2,271,300	2,940,340	3,572,774	(632,434)
Public works	2,003,810	2,100,768	1,239,317	861,451
Health and welfare	853,660	932,760	838,567	94,193
Economic Development	-	-	188,449	(188,449)
Culture and recreation	374,893	391,300	396,014	(4,714)
Bond Issuance costs	-	-	266,145	266,145
Debt Service: Principal	-	-	13,911	(13,911)
Debt Service: Interest	-	-	3,154	(3,154)
Total Expenditures	15,143,074	15,533,215	13,912,088	1,621,127
Excess (Deficiencies) of Revenues Over Expenditures	17,956	(717,143)	1,597,545	2,314,688
Other Financing (Uses)				
Contributions in	-	-	12,194	12,194
Sale of Capital Assets	-	-	4,300	4,300
Bond Proceeds	-	670,000	7,725,000	7,055,000
Operating transfers in (out)	(500,000)	(642,000)	(647,148)	(5,148)
Total Other Financing Sources (Uses)	(500,000)	28,000	7,094,346	7,066,346
Net Change in Fund Balance	(482,044)	(689,143)	8,691,891	9,381,034
Fund Balance, Beginning of Year, Restated	2,516,472	2,691,449	2,691,449	-
Fund Balance at End of Year	\$ 2,034,428	\$ 2,002,306	\$ 11,383,340	\$ 9,381,034

See independent auditor's report.

TANGIPAOHA PARISH GOVERNMENT
Amite, Louisiana
BUDGET COMPARISON SCHEDULE
ROAD AND BRIDGE FUNDS
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes:				
Sales	\$ 17,102,000	\$ 16,500,000	\$ 16,626,972	\$ 126,972
Intergovernmental revenues:				
Federal funds:				
Federal grants	-	275,000	56,444	(218,556)
State funds:				
State grants	51,000	-	4,814	4,814
Parish transportation funds	970,000	970,000	1,029,998	59,998
Interest	170,000	265,000	274,381	9,381
Other revenues	38,000	138,100	31,293	(106,807)
Total Revenues	18,331,000	18,148,100	18,023,902	(124,198)
Expenditures				
Public works	17,699,680	21,604,144	18,314,603	3,289,541
Debt service: Principal	-	-	48,856	(48,856)
Debt service: Interest	-	-	11,245	(11,245)
Total Expenditures	17,699,680	21,604,144	18,374,704	3,229,440
Excess (Deficiencies) of Revenues Over Expenditures				
	631,320	(3,456,044)	(350,802)	3,105,242
Other Financing Sources (Uses)				
Contributions In	-	2,000	2,000	-
Sale of Capital Assets	-	-	82,900	82,900
Operating Transfers (out)	(2,950,000)	(2,450,000)	(99,097)	2,350,903
Total Other Financing Sources (Uses)	(2,950,000)	(2,448,000)	(14,197)	2,433,803
Net Change in Fund Balance	(2,318,680)	(5,904,044)	(364,999)	5,539,045
Fund Balance, Beginning of Year, Restated	8,185,317	10,853,158	10,853,158	-
Fund Balance at End of Year	\$ 5,866,637	\$ 4,949,114	\$ 10,488,159	\$ 5,539,045

See independent auditor's report.

TANGIPAOHA PARISH GOVERNMENT
Amite, Louisiana
BUDGET COMPARISON SCHEDULE
GARBAGE DISTRICT NO. 1
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<u>Revenues</u>				
Taxes:				
Ad valorem	\$ 2,911,700	\$ 2,914,700	\$ 2,954,328	\$ 39,628
Intergovernmental revenues:				
Federal funds:				
Federal grants	30,000	50,000	55,000	5,000
State funds:				
State revenue sharing	257,000	257,000	253,374	(3,626)
Fees, charges, and commissions for services	4,356,250	4,676,350	4,558,405	(117,945)
Interest	100,000	150,000	158,355	8,355
Other revenues	178,000	240,000	148,478	(91,522)
	<u>7,832,950</u>	<u>8,288,050</u>	<u>8,127,940</u>	<u>(160,110)</u>
<u>Expenditures</u>				
Public works	12,293,523	12,964,006	9,378,613	3,585,393
Debt Service - Principal	50,000	50,000	53,168	(3,168)
Debt Service - Interest	100,200	100,200	100,899	(699)
	<u>12,443,723</u>	<u>13,114,206</u>	<u>9,532,680</u>	<u>3,581,526</u>
Excess (Deficiencies) of Revenues Over Expenditures	<u>(4,610,773)</u>	<u>(4,826,156)</u>	<u>(1,404,740)</u>	<u>3,421,416</u>
<u>Other Financing Sources</u>				
Operating Transfer In	-	8,000	8,000	-
Sale of Capital Assets	-	52,000	49,302	(2,698)
	<u>-</u>	<u>60,000</u>	<u>57,302</u>	<u>(2,698)</u>
Net Change in Fund Balance	(4,610,773)	(4,766,156)	(1,347,438)	3,418,718
Fund Balance at Beginning of Year - Restated	<u>7,343,375</u>	<u>7,992,209</u>	<u>7,992,209</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 2,732,602</u>	<u>\$ 3,226,053</u>	<u>\$ 6,644,771</u>	<u>\$ 3,418,718</u>

See independent auditor's report.

Tangipahoa Parish Government
Amite, Louisiana
SCHEDULE OF CHANGES IN THE PARISH'S NET
OPEB LIABILITY AND RELATED RATIOS
For the Year Ended December 31, 2018

	2018
Total OPEB liability:	
Service cost	\$ 99,528
Interest on total OPEB liability	119,165
Effect of plan changes	-
Effect of economic/demographic (gains) or losses	-
Effect of assumption changes or inputs	(177,890)
Benefit payments	(101,871)
Net change in total OPEB liability	(61,068)
Total OPEB Liability- beginning	3,415,054
Total OPEB Liability- ending (a)	\$3,353,986
 Fiduciary Net Position	
Employer contributions	\$ 467,961
Net investment income	5,060
Benefit payments	(101,871)
Administrative expenses	(12,000)
Net change in plan fiduciary net position	359,150
Fiduciary net position- beginning	-
Fiduciary net position- ending (b)	359,150
 Net OPEB liability- ending = (a) – (b)	 \$2,994,836
 Fiduciary net position as a % of total OPEB liability	 10.71%
 Covered payroll	 \$11,104,652
 Net OPEB liability as a % of covered payroll	 26.97%

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available. Also, recalculations of prior years are not required, and if prior years are not reported in accordance with the current GASB standards, they should not be reported.

Tangipahoa Parish Government
Amite, Louisiana
SCHEDULE OF PARISH'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
For the Year Ended December 31, 2018

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Parish's proportion of the net pension liability (asset)	1.960567%	1.801970%	1.702461%	1.68%
Parish's proportionate share of the net pension liability (asset)	(1,455,224)	3,711,181	4,481,367	460,677
Parish's covered-employee payroll	13,113,737	12,067,623	10,686,664	9,761,217
Parish's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	(11.10)%	30.75%	41.93%	4.71%
Plan fiduciary net position as a percentage of the total pension liability (asset)	101.98%	94.15%	92.23%	99.14%

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

Data reported is measured as of December 31, 2017, (measurement date).

Tangipahoa Parish Government
 Amite, Louisiana
 SCHEDULE OF PARISH'S CONTRIBUTION
 PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
 For the Year Ended December 31, 2018

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$1,508,082	\$1,508,453	\$1,389,268	\$1,415,379
Contributions in relation to the contractually required contribution	1,508,082	1,508,453	1,389,268	1,415,379
Contribution deficiency (excess)	-	-	-	-
Parish's covered-employee payroll	13,113,737	12,067,623	10,686,664	9,761,217
Contributions as a percentage of covered-employee payroll	11.50%	12.50%	13.00%	14.50%

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

Data reported is measured as of December 31, 2017, (measurement date).

See independent auditor's report.

Other Supplementary Information

TANGIPAHOA PARISH GOVERNMENT
Amite, Louisiana
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2018

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Housing and Urban Development:</u>			
Direct Program:			
Section 8 Housing Choice Vouchers	14.871	-	\$ 3,395,982
Passed through Louisiana Division of Administration, Office of Community Planning and Development			
Louisiana Community Development Block Grant	14.228	-	1,153,322
Emergency Solutions Grant - Shelter Grant 2016-2018	14.231	-	64,815
Emergency Solutions Grant - Shelter Grant 2017-2019	14.231		99,725
National Resilient Disaster Recovery Competition- Rapid Rehousing	14.272		<u>249,248</u>
Total U.S. Department of Housing and Urban Development			<u>4,963,092</u>
<u>U.S. Department of Homeland Security:</u>			
Passed through Louisiana Governor's Office of Homeland Security and Emergency Preparedness			
Flood Mitigation Assistance	97.029	FMA-PJ-06-LA-2016-014	416,447
Flood Mitigation Assistance	97.029	FMA-PJ-06-LA-2017-001	163,400
Presidentially Declared Dissaster-March 2016 Flood	97.036	-	216
Presidentially Declared Dissaster-August 2016 Flood	97.036	-	66,228
Hazard Mitigation Grant Program-Club Deluxe Rd	97.039	1603-105-0011	1,314,858
Hazard Mitigation Grant Program-Chappapeela Drainage	97.039	1786-105-0001	133,118
Hazard Mitigation Grant Program-Ponchatoula Sewer Impr.	97.039	1786-105-0013	636,438
Hazard Mitigation Grant Program - Ike Elevations	97.039	1792-105-0001	434,484
Hazard Mitigation Grant Program-Isaac Elevations	97.039	4080-105-0001	117,684
Hazard Mitigation Grant Program - Wardline Road	97.039	4080-105-0002	12,575
Hazard Mitigation Grant Program - March 2016 Flood Elevations	97.039	4263-105-0002	652,070
Hazard Mitigation Grant Program - Beaver Creek	97.039	4263-105-0033	6,287
Emergency Management Performance Grant	97.042	2017	36,818
FEMA Pre Disaster Mitigation Grant	97.047	PDMC-PL-06-LA-2017-005	33,157
State Homeland Security Program	97.067	2017	<u>47,394</u>
Total U.S. Department of Homeland Security			<u>4,071,174</u>
<u>U.S. Department of Health and Human Services:</u>			
Passed through Louisiana Department of Health and Hospitals			
Drug Free Communities Support Program Grants	93.276	1H79SP020975-01	95,175
Centers for Disease Control and Prevention	93.283	2013-2014	2,743
Centers for Disease Control and Prevention	93.283	2015	20,647
Centers for Disease Control and Prevention	93.283	2016	21,915
Centers for Disease Control and Prevention	93.283	2017	16,308
Centers for Disease Control and Prevention	93.283	2018	<u>12,668</u>
Total U.S. Department of Health and Human Services			<u>169,456</u>
<u>Restore Act:</u>			
Direct Program:			
Lee's Landing Boat Launch	21.015	RDCGR440007	32,370
Greenway Planning Study	21.015	RDCGR440004	<u>17,763</u>
Total U.S. Department of Treasury			<u>50,133</u>

(Continued)

See independent auditor's report

TANGIPAHOA PARISH GOVERNMENT
Amite, Louisiana
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2018

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Transportation:</u>			
Direct Program:			
Federal Transit - Formula Grants - FY 13-14	20.507	-	164,809
Passed through State of Louisiana Department of Transportation & Development			
Formula Grants for Rural Areas	20.509	LA-90-x430-000	96,788
Passed through Louisiana Department of Public Safety and Corrections			
Alcohol Impaired Driving Countermeasures Incentive Grant	20.601	2018-10-10	34,166
Alcohol Impaired Driving Countermeasures Incentive Grant	20.601	2019-10-10	358
Alcohol Impaired Driving Countermeasures Incentive Grant	20.601	2018-55-14	10,825
Alcohol Impaired Driving Countermeasures Incentive Grant	20.601	2019-55-14	1,429
Alcohol Impaired Driving Countermeasures Incentive Grant	20.601	2018-10-43	3,658
Total U.S. Department of Transportation			<u>312,033</u>
<u>U.S. Department of Labor</u>			
Passed through the Louisiana Workforce Commission- Cluster			
WIA Adult Program	17.258	-	943,039
WIA Youth Program	17.259	-	913,965
WIA Dislocated Worker Program	17.278	-	743,807
Total Cluster			<u>2,600,811</u>
Total U.S. Department of Labor			<u>2,600,811</u>
<u>U.S. Environmental Protection Agency</u>			
Passed through Lake Pontchartrain Basin Foundation			
Lake Pontchartrain Basin Restoration Program	66.125	585571	62,500
Passed through LA Department of Environmental Quality			
Capitalization Grants for Clean Water State Revolving Funds	66.458	CS-221924-01	16,520
Total U.S. Environmental Protection Agency			<u>79,020</u>
<u>U.S. Department of the Interior</u>			
Direct Program:			
GoMESA	15.435		146,700
Total U.S. Department of Interior			<u>146,700</u>
Total Expenditures of Federal Awards			<u>\$ 12,392,419</u>

Note 1 - This schedule of expenditures of federal awards includes the federal grant activity of Tangipahoa Parish Government and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Governments, and Non-Profit Organizations.

Note 2 - Tangipahoa Parish Government has elected to use the 10 percent de minimis indirect cost rate allowed under Uniform Guidance.

(Concluded)

See independent auditor's report

Tangipahoa Parish Government
Amite, Louisiana

EXHIBIT C-1

FINANCIAL DATA SCHEDULE
BALANCE SHEET
December 31, 2018

Line Item #	Account Description	Housing Choice Voucher <u>14,871</u>	Disaster Housing Assistance Program <u>97,109</u>	Disaster Housing Assistance Program DH.IKE	TOTAL
ASSETS:					
CURRENT ASSETS:					
111	Cash-unrestricted	\$ 43,721	\$ 356,610	\$ 1,163,306	\$ 1,563,637
113	Cash-other restricted	70,379	-	-	70,379
115	Cash-restricted for payment of current liabilities	4,454	-	-	4,454
100	Total Cash	<u>118,554</u>	<u>356,610</u>	<u>1,163,306</u>	<u>1,638,470</u>
121	Accounts receivable - PHA Projects	14,778	-	-	14,778
125	Accounts receivable - miscellaneous	1,025	-	-	1,025
120	Total Receivables	<u>15,803</u>	<u>-</u>	<u>-</u>	<u>15,803</u>
150	TOTAL CURRENT ASSETS	<u>134,357</u>	<u>356,610</u>	<u>1,163,306</u>	<u>1,654,273</u>
190	TOTAL ASSETS	<u>\$ 134,357</u>	<u>\$ 356,610</u>	<u>\$ 1,163,306</u>	<u>\$ 1,654,273</u>
LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND EQUITY:					
LIABILITIES:					
CURRENT LIABILITIES					
312	Accounts payable ≤ 90 days	\$ 4,454	\$ -	\$ -	\$ 4,454
313	Accounts payable > 90 days	14,363	-	-	14,363
321	Accrued wage/payroll taxes payable	34,340	-	-	34,340
331	Accounts payable - HUD PHA programs	3,913	-	-	3,913
310	TOTAL CURRENT LIABILITIES	<u>57,070</u>	<u>-</u>	<u>-</u>	<u>57,070</u>
300	TOTAL LIABILITIES	<u>57,070</u>	<u>-</u>	<u>-</u>	<u>57,070</u>
EQUITY:					
509.3	Restricted Fund Balance	70,379	356,610	1,163,306	1,590,295
512.3	Unassigned Fund Balance	6,908	-	-	6,908
513	TOTAL EQUITY/NET POSITION	<u>77,287</u>	<u>356,610</u>	<u>1,163,306</u>	<u>1,597,203</u>
600	TOTAL LIABILITIES AND EQUITY/NET POSITION	<u>\$ 134,357</u>	<u>\$ 356,610</u>	<u>\$ 1,163,306</u>	<u>\$ 1,654,273</u>

See independent auditor's report

Tangipahoa Parish Government
Amite, Louisiana

EXHIBIT C-2

FINANCIAL DATA SCHEDULE
REVENUE AND EXPENSES
For the Year Ended December 31, 2018

<u>Line Item #</u>	<u>Account Description</u>	<u>Housing Choice Voucher 14.871</u>	<u>Disaster Housing Assistance Program 97.109</u>	<u>Disaster Housing Assistance Program DH.IKE</u>	<u>TOTAL</u>
REVENUE:					
70600	HUD PHA operating grants	\$ 3,276,491	\$ -	\$ -	\$ 3,276,491
71100	Investment income - unrestricted	1,030	10,461	31,712	43,203
71300	Proceeds from disposition of assets held for sal	2,000	-	-	2,000
71500	Other revenue	82,107	-	-	82,107
70000	TOTAL REVENUE	<u>3,361,628</u>	<u>10,461</u>	<u>31,712</u>	<u>3,403,801</u>
EXPENSES:					
91100	Administrative salaries	221,365	-	-	221,365
91200	Auditing fees	7,500	-	-	7,500
91310	Bookkeeping fee	5,855	-	-	5,855
91500	Employee benefit contributions-administrative	85,300	-	-	85,300
91600	Office expenses	10,610	-	-	10,610
91800	Travel	12,520	-	-	12,520
94200	Ordinary maint & operations-materials & other	8,241	-	-	8,241
96110	Property insurance	1,102	-	-	1,102
96130	Workmen's compensation	705	-	-	705
96140	All other insurance	1,019	-	-	1,019
96200	Other general expenses	4,773	-	-	4,773
96900	TOTAL OPERATING EXPENSES	<u>358,990</u>	<u>-</u>	<u>-</u>	<u>358,990</u>
97000	EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) OPERATING EXPENSES	<u>3,002,638</u>	<u>10,461</u>	<u>31,712</u>	<u>3,044,811</u>
97300	Housing assistance payments	2,962,479	-	-	2,962,479
97350	HAP portability in	74,513	-	-	74,513
90000	TOTAL EXPENSES	<u>3,395,982</u>	<u>-</u>	<u>-</u>	<u>3,395,982</u>
OTHER FINANCING SOURCES					
10030	Operating transfers from primary government	52,000	-	-	52,000
10080	Special items, net gain/loss	18,046	-	-	18,046
10100	TOTAL OTHER FINANCING SOURCES	<u>70,046</u>	<u>-</u>	<u>-</u>	<u>70,046</u>
10000	EXCESS (DEFICIENCY) OF TOTAL REVENUE OVER (UNDER) TOTAL EXPENSES	<u>35,692</u>	<u>10,461</u>	<u>31,712</u>	<u>77,865</u>
11030	Beginning equity	28,147	346,149	1,131,594	1,505,890
11040	Prior period adjustments	13,448	-	-	13,448
	TOTAL EQUITY	<u>\$ 77,287</u>	<u>\$ 356,610</u>	<u>\$ 1,163,306</u>	<u>\$ 1,597,203</u>
11170	Administrative fee equity	\$ 6,908			
11180	Housing assistance payments equity	70,379			
	TOTAL EQUITY	<u>\$ 77,287</u>			
11190	Unit months available	7,404			
11210	Number of unit months leased	5,568			

See independent auditor's report

Tangipahoa Parish Government
Amite, Louisiana
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD
For the Year Ended December 31, 2018

Agency Head: Robby Miller, Parish President

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 146,562
Benefits-Insurance	14,276
Benefits-Retirement (11.5%)	16,855
Benefits-Medicare	2,151
Telephone	1,879
Vehicle Usage taxed on W-2	8,543
Registration fees to conferences	2,749
Travel (hotels, parking fees, lodging, and meals)	<u>4,595</u>
	<u>\$ 197,610</u>

See independent auditor's report

Other Independent Auditor's Reports and Findings



LAURA GRAY

CERTIFIED PUBLIC ACCOUNTANT

WWW.LAURAGRAYCPA.COM

601 COURTNEY DRIVE
P. O. Box 1391
AMITE, LOUISIANA 70422

PHONE (985) 748-9067
FAX (985) 748-4370
E-MAIL: LG@LAURAGRAYCPA.COM

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 Parish President and Members
of the Tangipahoa Parish Council
Tangipahoa Parish Government
Amite, Louisiana

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the fiduciary fund, the blended component units, and the aggregate remaining fund information of the Tangipahoa Parish Government, Louisiana, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Tangipahoa Parish Government, Louisiana's basic financial statements and have issued my report thereon dated June 27, 2019.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Tangipahoa Parish Government's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Tangipahoa Parish Government's internal control. Accordingly, I do not express an opinion on the effectiveness of the Tangipahoa Parish Government's internal control.

My consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses, or significant deficiencies and therefore, there can be no assurance that all deficiencies, material weaknesses or significant deficiencies have been identified. During my audit, I did not identify any deficiencies in internal control that I consider a material weakness. However, material weaknesses may exist that have not been identified.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. I did not identify any deficiencies in internal control over financial reporting that I consider to be a material weakness as defined above.

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. I consider finding TPG 18-02, described in the accompanying schedule of current year findings and questioned costs to be a significant deficiency.

Tangipahoa Parish Government
Independent Auditor's Report on Internal Control
and on Compliance and Other Matters - concluded

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Tangipahoa Parish Government's financial statements are free from material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed three instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of current year audit findings and question costs as finding TPG 18-01, TPG 18-03, and TPG 18-04.

The Parish's Responses to Findings

The parish's response to the finding identified in my audit is described in the accompanying Management's Corrective Action Plan. The parish's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

Purpose of This Report

This report is intended solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance.

This report is intended solely for the information and use of the governing council, management, others within the entity, the Legislative Auditor, and the federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.


Certified Public Accountant

June 27, 2019



LAURA GRAY

CERTIFIED PUBLIC ACCOUNTANT

WWW.LAURAGRAYCPA.COM

601 COURTNEY DRIVE
P. O. Box 1391
AMITE, LOUISIANA 70422

PHONE (985) 748-9067
FAX (985) 748-4370
E-MAIL: LG@LAURAGRAYCPA.COM

INDEPENDENT AUDITOR'S REPORT ON
COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND REPORT ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Parish President and Members
of the Tangipahoa Parish Council
Tangipahoa Parish Government
Amite, Louisiana

Report on Compliance for Each Major Federal Program

I have audited Tangipahoa Parish Government's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Tangipahoa Parish Government's major federal programs for the year ended December 31, 2018. Tangipahoa Parish Government's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of current year findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of Tangipahoa Parish Government's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Tangipahoa Parish Government's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of Tangipahoa Parish Government's compliance.

Basis for Qualified Opinion on Section 8 Housing Choice Voucher Program

As described in the accompanying schedule of current year audit findings and questioned costs, Tangipahoa Parish Government did not comply with requirements regarding CFDA 14.871 Section 8 Housing Choice Voucher Program as described in finding TPG 18-05. Compliance with such requirements is necessary, in my opinion, for Tangipahoa Parish Government to comply with the requirements applicable to that program.

Qualified Opinion on Section 8 Housing Choice Voucher Program

In my opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Tangipahoa Parish Government complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on CFDA 14.871 Section 8 Housing Choice Voucher Program for the year ended December 31, 2018.

Unmodified Opinion on Each of the Other Major Federal Programs

In my opinion, Tangipahoa Parish Government complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs identified in the summary of auditor's results section of the accompanying schedule of current year audit findings and questioned costs for the year ended December 31, 2018.

Report on Internal Control Over Compliance

Management of Tangipahoa Parish Government is responsible for establishing and maintaining effective internal control over compliance requirements referred to above. In planning and performing my audit of compliance, I considered Tangipahoa Parish Government's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the Tangipahoa Parish Government's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. I consider the deficiency in internal control over compliance described in the accompanying schedule of current year audit findings and questioned costs as items TPG 18-05 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified.

Tangipahoa Parish Government
Independent Auditor's Report on Compliance for Each Major Federal Program
And Report on Internal Control over Compliance Required by the Uniform Guidance – concluded

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

This report is intended solely for the information and use of the governing council, management, others within the entity, the Legislative Auditor, and the federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.


Certified Public Accountant

June 27, 2019

TANGIPAHOA PARISH GOVERNMENT

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For the Year Ended December 31, 2018

SECTION 1. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS	
TPG 17-01 Local Government Budget Act Violation	Unresolved. See current year finding TPG 18-01
TPG 17-02 Lack of Internal Controls over Payroll	Resolved
SECTION 2. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS	
TPG 17-03 Section 8 – Mandatory use of Enterprise Income Verification (EIV) System	Resolved
TPG 17-04 Section 8 – Rental Assistance	Unresolved. See current year finding TPG 18-05
SECTION 3. MANAGEMENT LETTER	
None	

Major programs:

CFDA 14.871
 U.S. Department of Housing and Urban Development
 Section 8 Housing Choice Vouchers

CFDA 14.228
 U.S. Department of Housing and Urban Development
 Louisiana Community Development Block Grant

CFDA 97.029
 U.S. Department of Homeland Security
 Hazard Mitigation Assistance

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? yes no

SECTION II - FINANCIAL STATEMENT FINDINGS

This section identifies the significant deficiencies, and instances of noncompliance related to the financial statements required to be reported under *Government Auditing Standards* (GAGAS).

TPG 18-01 Local Government Budget Act Violations (repeated from prior year)

A) RS 39:1311(A)(2) requires a political subdivision to amend its operating budget when:

- a) Total revenues and other sources fail to meet total budgeted revenues and other sources by five (5) percent or more
- b) Total actual expenditures and other uses exceed the total budgeted expenditures and other uses by five (5) percent or more.

The following funds had actual revenues and other sources fail to meet budgeted amounts for the year ended December 31, 2018.

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>	<u>Percent</u>
Health Unit Fund	\$3,170,600	\$2,847,894	\$322,706	10.18%

Tangipahoa Parish Government failed to amend the budgets for the Health Unit Fund by an adequate amount for the fiscal year ended December 31, 2018.

The unfavorable variance is the result of the year-end accounting adjustments.

It is recommended that the Parish monitor its financial statements at least quarterly and amend the budget as needed.

TPG 18-02 Lack of Internal Controls- Segregation of duties over Section 8 Disbursements

An adequate system of internal controls requires appropriate segregation of duties consistent with control objectives. This deficiency could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with management's objectives.

The Parish had the following internal control issue:

Section 8- Lack of Segregation of Duties

The Section 8 Director enters new tenants into the system, calculates the rent/utility payment, reviews the monthly check register, and initiates and authorizes the direct deposit payments. No one is checking the director's work on a regular basis. The housing specialist prepares the monthly check register for the director to review prior to initiating the payments.

For checks written, the parish has a dual signature policy. In February 2018, Tangipahoa Parish Section 8 started paying the rent payments to landlords and utility payments to tenants using direct deposit. Checks are still written for some landlords and tenants who do not accept direct deposit.

It is recommended that another Section 8 staff enter the tenants in the software. The same staff should calculate the rent and utility payments. The Section 8 Director should review all of the staff's work for accuracy before the first payment is processed. After the housing specialist generates the check register, it should be forwarded to the Section 8 Director for approval, who then will forward it along with the direct deposit authorization form to the Finance Director for his review and authorization. The Section 8 Director can process the direct deposit after the authorization is received.

TPG 18-03 Compliance with Louisiana Revised Statute 38:2212 – Public Bid Law

Louisiana Revised Statute requires all public works projects over \$154,450 to be let by competitive bid.

During 2018, the Parish paid Vance Brothers, Inc. \$539,169.20 for the 2018 micro surfacing project. This project was not bid.

It is recommended that all public works projects go through the purchasing agent to ensure compliance with public bid law.

It should be noted that Vance Brothers, Inc, who was properly awarded the 2017 micro surfacing project, charged the Parish the same unit price for the 2018 contract as was recorded in the original 2017 bid contract.

TPG 18-04 Compliance with Louisiana Revised Statute 38:2241 – Written Contract and Bond

a) Per Louisiana Revised Statute 38:2241 for each contract in excess of five thousand dollars for the construction, alteration, or repair of any public works, the official representative of the public entity shall reduce the contract to writing and have it signed by the parties.

During 2018, the Parish paid Vance Brothers, Inc \$539,169.20 for the 2018 micro surfacing project, and there was no written contract.

b) Per Louisiana Revised Statute 38:2241 for each contract in excess of twenty five thousand dollars per project, the public entity shall require of the contractor a bond with good, solvent, and sufficient surety in a sum of not less than fifty percent of the contract price for the payment by the contractor or subcontractor to claimants as defined in R.S. 38:2242. The bond furnished shall be a statutory bond and no modification,

omissions, additions in or to the terms of the contract, in the plans or specifications, or in the manner and mode of payment shall in any manner diminish, enlarge, or otherwise modify the obligations of the bond. The bond shall be executed by the contractor with surety or sureties approved by the public entity and shall be recorded with the contract in the office of the recorder of mortgages in the parish where the work is to be done not later than thirty days after the work has begun.

There is no record of a bond for this public works job with Vance Brothers, Inc.

It should be noted that on May 11, 2018, Vance Brothers, Inc. increased their bond for the 2017 micro surfacing project by the amount of the 2018 project.

It is recommended that all public works projects go through the purchasing agent to ensure compliance with state law.

SECTION III - FEDERAL FINACIAL ASSISTANCE

TPG 18-05. Section 8 – Rental Assistance

Federal Grantor – U.S. Department of Housing and Urban Development

Program Title- Section 8 Housing Choice Voucher Program

Federal CFDA Number- 14.871

Per HUD Regulation 24 CFR 982.516(f)- Family income and composition: Annual and interim examinations:

(f) Accuracy of family income data. The PHA must establish procedures that are appropriate and necessary to assure that income data provided by applicant or participant families is complete and accurate.

In accordance with 24 CFR 5.236(b)(3), PHAs are required to compare the information on the EIV report with the family-reported information. If the EIV report reveals an income source that was not reported by the tenant or a substantial difference in the reported income information, the PHA is required to take the following actions:

1. Discuss the income discrepancy with the tenant; and
2. Request the tenant to provide any documentation to confirm or dispute the unreported or underreported income and/ or income sources; and
3. In the event the tenant is unable to provide acceptable documentation to resolve the income discrepancy, the PHA is required to request from the third party source, any information necessary to resolve the income discrepancy; and
4. If applicable, determine the tenant's underpayment of rent as a result of unreported or underreported income, retroactively*; and
5. Take any other appropriate action as directed by HUD or the PHA's administrative policies.

*The PHA is required to determine the retroactive rent as far back as the existence of complete file documentation (form HUD-50058 and supporting documentation) to support such retroactive rent determinations.

Note: A substantial difference is defined as an amount equal to or greater than \$2,400 annually.

Tangipahoa Parish Government
Independent Auditor's Report on Compliance for Each Major Federal Program
And Report on Internal Control over Compliance Required by the Uniform Guidance – concluded

In my sample of 40 rental assistance payments made to landlords, one of the files had annual overpayments of \$2,385.

The tenant appears to have under reported \$10,579 in wages in the period under audit. This resulted in an overpayment of \$2,385 for the period January 1 to September 30, 2018. The EIV on file revealed wages from 2 employers, but only one was reported by the tenant as income for the 10/01/2017 to 10/01/2018 contract. No notes were in the file to indicate discussion with the tenant regarding the second source of income. There was no 3rd party verification for the 2nd source of wages. Only after the auditor brought it to the attention of Section 8 director, were collection efforts implemented.

As a result **there is total known questioned costs of \$2,385;** which extrapolates to \$26,792 of likely questioned costs.

It is recommended that the Director of Section 8 review each tenant file before the first payment is made on behalf of the tenant. Management should advise the PHA Staff to use the EIV system in its entirety, which includes written documentation regarding unreported or underreported income.

It should be noted that, as of June 18, 2019, a repayment agreement in the amount of \$6,588 was in place with the above tenant.

TPG 18-05 as described above is also a compliance finding.

MANGIPAHOA PARISH GOVERNMENT
MANAGEMENT'S CORRECTIVE ACTION PLAN

For Current Year Audit Findings for the Year Ended December 31, 2018

SECTION 1. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS	
Finding Reference No.	Management's Corrective Action Plan
TPG 18-01 Local Government Budget Act Violations	The Parish will continue to monitor the budget monthly and amend the budget as needed. Revenues were under budget due to a FEMA payment received in 2018 being reclassified to a prior period.
TPG 18-02 Lack of Internal Controls- Segregation of Duties	<p>There are controls currently in place to address Section 8 Disbursements. The Housing Specialist enters the participant files (Initial, Annual, and Interim), Executive Director processes the payments (Checks and Direct Deposits), and the CFO, Personnel Director, or Parish President approves and signs the Checks/DD Registers for payment. This is not a newly developed process.</p> <p>There are many instances that the Executive Director has to do the work of staff (which is any supervisors role or responsibility) due to the size of the office staff and the many duties required.</p>
TPG 18-03 Compliance with Louisiana Revised Statute 38:2212 – Public Bid Law	The parish has put procedures in place to ensure all contracts go through the Purchasing Department, and we will continue to comply with public bid law.
TPG 18-04 Compliance with Louisiana Revised Statute 38:2241 – Written Contract and Bond	The parish will comply with written contract and bond requirements in accordance with state laws and regulations.

SECTION 2. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS	
TPG 18-05 Section 8 – Rental Assistance	<p>Reviewing the participants file before the first payment is made would not eliminate participants underreporting income. The EIV System is a year behind and any underreported income would not show at the time of recertification. It would not appear until a year or so later. (Income in question is from 2015-2017).</p> <p>In response to the Auditors question (At the time of annual recertification, does HUD require the PHA's to look at the income reported on the EIV (regardless of the period for which the income is reported) and compare it to the income reported on previous HUD-50058? If no, how is the PHA able to discover underreported/unreported income considering the fact that EIVs are</p>

ran before the date of the reevaluation, in some instances 3-4 months in advance, and the fact that the date on the EIV is old?) addressed to the New Orleans HUD Field Office and HUD Washington D. C. Headquarters, states " If they are conducting a re-exam for 2018 we don't require them to look at 2016 to see if what was reported by the tenant and what's in EIV match. There is an income discrepancy report the agency can generate to obtain this information. Nothing in PIH Notice 2018-18 states an agency must go back two years to verify the income reported in 2016 is correct."

It also states that "if the PHA catches the underreported income they address it. However, PHAs are not required to retroactively look back at every participant's 50058 to determine if they have underreported income."

In response to the Auditors question (What is the PHA's responsibility when the current EIV shows an Income Discrepancy Report for prior years income?) addressed to the New Orleans HUD Field Office and HUD Washington D. C. Headquarters, states "Due to an audit from 2014 the Income Discrepancy Report was considered inferior because of the many false positives it presented."

An example of that for our agency would be the audit finding from last year where the EIV stated that the participant was working in Dallas, TX and it was later verified that someone was working under the tenants Social Security Number. The income in fact did not belong to the program participant. This process took a year to verify.

The HUD response also goes on to state that "the management decision accepted by HUD OIG the EIV office would replace that report with a more reliable tool. Two management decisions later, both approved by HUD OIG, the Income Verification Tool (IVT) was created. PHAs were informed that the Income Discrepancy Report would be removed from the EIV system once IVT was up and running. IVT was made available for use at the end of December 2018. The only reason it is still on the system is because the IT team could not take it down in January of this year (government shutdown). However, it is due to be removed in April of this year. "

The response also states that "PHA's are required to monitor the EIV reports monthly. However, HUD has a mandate to impose the least burden on PHAs. If strictly enforced monthly reviews of EIV system would be a burden on many PHAs that do not have the manpower to complete this action. "

The participants file in question was already under review by staff and was given to the auditor as one of the files that was being worked for an income discrepancy (2018). It was found by the Auditor and Executive Director together while discussing the file with HUD that the two separate employers shared the same name but different EIN numbers. It was also noted in the tenants file that there may a possible repayment agreement by staff at the time of interview.

Date Submitted: 6/27/19


Tangipahoa Parish President



LAURA GRAY

CERTIFIED PUBLIC ACCOUNTANT

WWW.LAURAGRAYCPA.COM

601 COURTNEY DRIVE
P. O. Box 1391
AMITE, LOUISIANA 70422

PHONE (985) 748-9067
FAX (985) 748-4370
E-MAIL: LG@LAURAGRAYCPA.COM

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To Robby Miller, Tangipahoa Parish President
Members of the Parish Council,
and the Louisiana Legislative Auditor:

I have performed the procedures enumerated below, which were agreed to by the Tangipahoa Parish Government (Parish) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2018 through December 31, 2018. The Parish's management is responsible for those C/C areas identified in the SAUPs. The sufficiency of these procedures is solely the responsibility of the Parish and the LLA. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

My procedures and findings are detailed in Schedule "A".

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards contained in Government Auditing Standards issued by the Comptroller General of the United States. I was not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, I do not express such an opinion or conclusion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

The purpose of this report is 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. This report is intended solely for the information and use of the Parish and LLA 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 LLA as a public document.


Certified Public Accountant

June 27, 2019

Written Policies and Procedures

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

a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget

Results: The entity's policy included the above requirements. No exceptions were noted.

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

Results: The entity's policy included the above requirements. No exceptions were noted.

c) **Disbursements**, including processing, reviewing, and approving

Results: The entity's policy included the above requirements. No exceptions were noted.

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

Results: The entity's policy included the above requirements. No exceptions were noted.

e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

Results: The entity's policy included the above requirements. No exceptions were noted.

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

Results: The entity's policy included the above requirements. No exceptions were noted.

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)

Results: The entity's policy included the above requirements. No exceptions were noted.

h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers

Results: The entity's policy included the above requirements. No exceptions were noted.

i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:11111121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

Results: The entity's policy included the above requirements. No exceptions were noted.

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

Results: The entity's policy included the above requirements. No exceptions were noted.

Bank Reconciliations

3. Obtain a listing of client 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:

Results: A listing of the client's bank accounts was obtained from the Parish Accountant, and management's representation that the listing was complete. The entity's main account is the Pool account. The four other accounts that were selected for testing were Section 8, Section 8-DHAP IKE, Arena CC and Permit CC accounts.

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

Results: Observed that all selected bank reconciliations were prepared within 2 months of the related statement closing date.

- 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

Results: Observed that the CAO had reviewed and signed off on all selected bank reconciliations. He does not handle cash, post ledgers or issue checks.

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

Results: Two of the five reconciliations tested had no evidence that the outstanding items over 12 months old on the reconciliation were being researched. However, one of those accounts did take care of the old outstanding items in the following month. The other account is special account for federal grant funds only. The Parish Accountant did not know the process for voiding these checks that go back to 2009.

The remaining three accounts had no outstanding items that were over 12 months old.

Collections

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

Results: Obtained the deposit site listing from management and management's representation that the listing was complete.

- 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:

Results: Obtained the listing of collection locations from management and management's that the listing was complete.

- a) Employees that are responsible for cash collections do not share cash drawers/registers.

Results: Three out of the five locations that were tested did share cash drawers, two did not. Of the two that did not share cash drawers, one does not have a working cash drawer/bag.

- 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.

Results: All locations tested had different individuals for collecting cash and preparing/making bank deposits.

- 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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Results: For all the locations tested, the employee responsible for collecting cash is not responsible for posting collection entries into the general ledger or subsidiary ledger.

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

Results: For all the locations tested, the employee responsible for reconciling cash collections to the general ledger is not responsible for collecting cash.

- 6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

Results: All employees that are responsible for or have access to cash are covered by a bond.

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.

Results: All receipts were sequentially pre-numbered, except for the permit office. The receipts for the permit office are issued by permit number.

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

Results: All collection documentation was attached to the deposit slip except for the deposit tested for the arena. The deposit was for cash collections. The arena does not issue receipts for cash.

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

Results: All deposit slips agreed to the actual deposits per the bank statement.

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).

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Results: All deposits were made within one business day of the receipt, except for the arena. Those collections are kept in a locked bank deposit bag and dropped in the night drop at the bank until the deposit can be prepared by the employee responsible for preparing the deposit. This is usually not within one business day of receipt.

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

Results: All deposits per the bank statement agreed to the general ledger.

POST OFFICE BOX 215
AMITE, LOUISIANA 70422



OFFICE (985) 748-3211
FAX (985) 748-7576

ROBBY MILLER
PARISH PRESIDENT

June 27, 2019

As a result of the Independent Accountant's Report on Applying Agreed-Upon Procedures for the Fiscal Year Ended December 31, 2018, the Parish respectfully submits the following response:

Bank Reconciliations:

- (1) c. – The Parish will continue to monitor outstanding transactions and remit old transactions to unclaimed property.

Collections:

- (5) a. – The Parish has controls in place to ensure employees do not share cash drawers.
- (7) a. – The software at the permit office uses the permit numbers for the internal control over receipts.
 - b. – The Arena has put controls in place to remit documentation with deposits.
 - d. – The Arena utilizes a secure bag drop with the bank and will make deposits timely.

Sincerely,

A handwritten signature in blue ink that reads "Robby Miller".

Robby Miller,
Tangipahoa Parish President

COUNCIL

TRENT FORREST
DISTRICT 1
EMILE "JOEY" MAYEAUX
DISTRICT 6

JAMES BAILEY
DISTRICT 2
LIONELL WELLS
DISTRICT 7

LOUIS "NICK" JOSEPH
DISTRICT 3
DAVID P. VIAL
DISTRICT 8

CARLO S. BRUNO
DISTRICT 4
HARRY LAVINE
DISTRICT 9

H. G. "BUDDY" RIDGEL
DISTRICT 5
BOBBY CORTEZ
DISTRICT 10