
**Terrebonne Parish
Communications District**

Financial Statements

December 31, 2019

Terrebonne Parish Communications District

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Independent Auditor's Report

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

We have audited the accompanying financial statements of the business-type activities of the Terrebonne Parish Communications District (the "District"), a component unit of the Terrebonne Parish Consolidated Government, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the District, as of December 31, 2019, and the respective changes in financial position 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 at pages 4 through 8 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Terrebonne Parish Communications District. The accompanying schedule of compensation, benefits, and other payments to district head on page 20 and independent accountant's report on applying agreed-upon procedures on pages 21 – 30, as required by the State of Louisiana, is presented for purposes of additional analysis and are not a required part of the financial statements.

The schedule of compensation, benefits, and other payments to district head is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The independent accountant's report on applying agreed-upon procedures have not been subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we do not express an opinion or provide any assurance on them.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 3, 2020, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Pinell J. Martineau, LLC". The signature is written in a cursive, flowing style.

Covington, Louisiana
June 3, 2020

Management's Discussion and Analysis

Terrebonne Parish Communications District Management's Discussion and Analysis

Introduction

Management's Discussion and Analysis of the Terrebonne Parish Communications District's (the "District") financial performance presents a narrative overview and analysis of the District's financial activities for the year ended December 31, 2019. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information. Please read this document in conjunction with the District's financial statements, which begin on page 9.

Financial Highlights

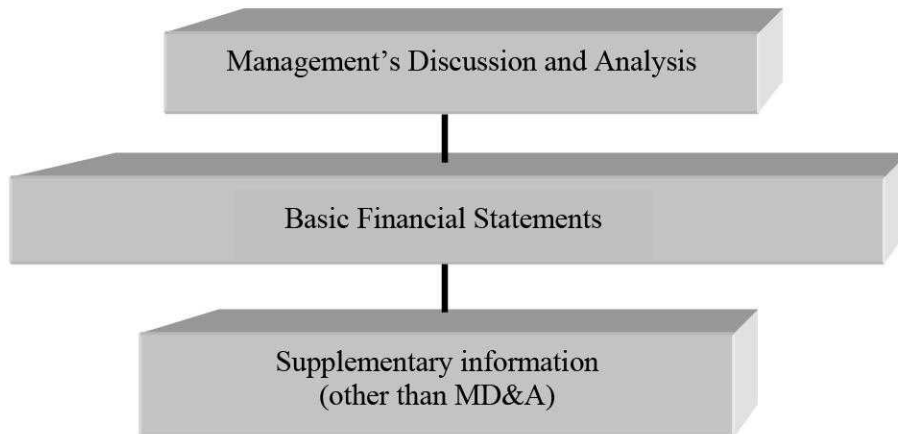
The District's assets exceeded its liabilities at December 31, 2019 by \$2,378,032, which represents a 1.92% increase from the prior fiscal year.

The Commission's operating revenues increased by \$110,152, approximately 4.75%, compared to the prior fiscal year.

Operating expenses increased by \$108,333, approximately 4.92%, compared to the prior fiscal year.

Overview of the Financial Statements

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



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

Terrebonne Parish Communications District

Management's Discussion and Analysis

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

The District's financial statements are prepared on an accrual basis in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. Under this basis of accounting, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred.

Basic Financial Statements

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

Statement of Net Position

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

Statement of Revenues, Expenses, and Changes in Net Position

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

Statement of Cash Flows

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

Notes to the Financial Statements

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

Statewide Agreed-Upon Procedures

The Louisiana Legislative Auditor ("LLA") has prescribed statewide agreed-upon procedures (the "AUPs") for all Louisiana entities that are required to have an audit under the State of Louisiana's audit law. The AUPs are not intended to address all areas of risk within an entity but are designed to address those areas that have resulted in the most frequent incidents of fraud, waste, or abuse of public funds. The AUP report is presented at pages 21 – 30.

Terrebonne Parish Communications District

Management's Discussion and Analysis

Financial Analysis of the Entity

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

	<u>2019</u>	<u>2018</u>	<u>Variance</u>	<u>% Variance</u>
Assets				
Current assets	\$ 925,595	\$ 861,543	\$ 64,052	7.43%
Capital assets, net	<u>3,959,002</u>	<u>4,429,606</u>	<u>(470,604)</u>	-10.62%
	<u>\$ 4,884,597</u>	<u>\$ 5,291,149</u>	<u>\$ (406,552)</u>	-7.68%
Liabilities				
Current liabilities	\$ 426,780	\$ 518,220	\$ (91,440)	-17.65%
Noncurrent liabilities	<u>2,079,785</u>	<u>2,439,714</u>	<u>(359,929)</u>	-14.75%
	<u>2,506,565</u>	<u>2,957,934</u>	<u>(451,369)</u>	-15.26%
Net Position				
Net investment in capital assets	1,570,780	1,684,423	(113,643)	-6.75%
Unrestricted	<u>807,252</u>	<u>648,792</u>	<u>158,460</u>	24.42%
	<u>2,378,032</u>	<u>2,333,215</u>	<u>44,817</u>	1.92%
	<u>\$ 4,884,597</u>	<u>\$ 5,291,149</u>	<u>\$ (406,552)</u>	-7.68%

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

Current assets increased by \$64,052, approximately 7%, from December 31, 2018 to December 31, 2019, due primarily to an increase in cash. Noncurrent liabilities consist of accrued compensated absences and capital lease obligation. The decrease of \$359,929 from December 31, 2018 to December 31, 2019 is caused primarily from the annual payments for the capital lease obligations (See Note 6).

Terrebonne Parish Communications District Management's Discussion and Analysis

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

	2019	2018	Variance	% Variance
Operating Revenues				
Service charges	\$ 2,151,547	\$ 2,058,624	\$ 92,923	4.51%
Other revenues	277,751	260,522	17,229	6.61%
	<u>2,429,298</u>	<u>2,319,146</u>	<u>110,152</u>	<u>4.75%</u>
Operating Expenses				
Salaries and benefits	1,314,317	1,247,624	66,693	5.35%
Telephone expense	150,936	136,751	14,185	10.37%
Depreciation	488,091	415,030	73,061	17.60%
Other operating expenses	357,828	403,434	(45,606)	-11.30%
	<u>2,311,172</u>	<u>2,202,839</u>	<u>108,333</u>	<u>4.92%</u>
Operating income	<u>118,126</u>	<u>116,307</u>	<u>1,819</u>	<u>1.56%</u>
Non-Operating				
Interest income	6,772	6,644	128	1.93%
Interest expense	(80,081)	(94,129)	(14,048)	-14.92%
	<u>(73,309)</u>	<u>(87,485)</u>	<u>14,176</u>	<u>16.20%</u>
Change in net position	44,817	28,822	15,995	55.50%
Net position, beginning of year	2,333,215	2,304,393	28,822	1.25%
Net position, end of year	<u>\$ 2,378,032</u>	<u>\$ 2,333,215</u>	<u>\$ 44,817</u>	<u>1.92%</u>

The District's operating expenses increased by \$108,333, approximately 5%, due primarily to an increase in depreciation of capital assets. The change in net position increased by \$15,995 from December 31, 2018 to December 31, 2019 as a result of revenues exceeding expenses.

Capital Assets

Capital assets consist of the following at December 31:

	2019	2018	Variance	% Variance
Buildings	\$ 1,277,357	\$ 1,277,357	\$ -	0.00%
Equipment	5,276,156	5,258,669	17,487	0.33%
Automobiles	20,848	20,848	-	0.00%
	<u>6,574,361</u>	<u>6,556,874</u>	<u>17,487</u>	<u>0.27%</u>
Accumulated depreciation	<u>(2,615,359)</u>	<u>(2,127,268)</u>	<u>(488,091)</u>	<u>22.94%</u>
	<u>\$ 3,959,002</u>	<u>\$ 4,429,606</u>	<u>\$ (470,604)</u>	<u>-10.62%</u>

Terrebonne Parish Communications District

Management's Discussion and Analysis

Capital assets decreased by \$470,604, approximately 10.6%, due primarily to current year depreciation exceeding the additions of equipment in the current fiscal year. Additions for the year ended December 31, 2019 included:

Equipment	<u>\$ 17,487</u>
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Noncurrent Liability

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

	<u>2019</u>	<u>2018</u>	<u>Variance</u>	<u>% Variance</u>
Capital lease obligation	<u>\$ 2,388,222</u>	<u>\$ 2,745,183</u>	<u>\$ (356,961)</u>	-13.00%

Budget

The annual budget is approved by the Board of Commissioners and made available for public inspection. For the year ended December 31, 2019, total expenses decreased by \$24,220 from the original budget to the final budget. In addition, actual revenues exceeded final budgeted revenues by \$2,371 and actual expenses were \$105,473 more than final budgeted expenses for the year ended December 31, 2019.

Economic Factors and Next Year's Budgets and Rates

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

- During the 2019 fiscal year, the District had a decrease in residential wireline subscribers and prepaid service subscribers, however, an increase in funding was acquired as a result of the District's ability to increase the commercial service charge from \$2.50 to \$3.50 per month, per access line, with the limitation not to exceed 100 lines per any one given location.
- The District provided authorization to management to increase the starting wage for the position of an emergency 9-1-1 telecommunicator from \$10.00 per hour to \$11.00 per hour beginning January 1, 2020. Although, the starting hourly wage is comparatively low regionally, the increase was approved to assist with lessening wage disparity.
- The District took into consideration prior year's expenses as well as projected increases.

Contacting the District's Management

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

Financial Statements

Terrebonne Parish Communications District
Statement of Net Position
December 31, 2019

ASSETS

Current Assets

Cash and cash equivalents	\$ 137,475
Accounts receivable	312,745
Prepaid expenses	105,816
Investments	369,559
	<u>925,595</u>

Capital Assets

Property and equipment, net	3,959,002
	<u>\$ 4,884,597</u>

LIABILITIES AND NET POSITION

Current Liabilities

Accounts payable	\$ 12,389
Accrued payroll expenses	4,391
Accrued interest	41,900
Capital lease obligation, current portion	368,100
	<u>426,780</u>

Noncurrent Liabilities

Accrued compensated absences	59,663
Capital lease obligation, net of current portion	2,020,122
	<u>2,079,785</u>
	2,506,565

Net Position

Net investment in capital assets	1,570,780
Unrestricted	807,252
	<u>2,378,032</u>
	<u>\$ 4,884,597</u>

See accompanying notes to financial statements.

Terrebonne Parish Communications District
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended December 31, 2019

Operating Revenues	
Service charges	\$ 2,151,547
Fire dispatch reimbursements	138,613
Computer aided dispatch fees	117,690
Other revenues	21,448
	<u>2,429,298</u>
Operating Expenses	
Salaries and related taxes	1,272,063
Retirement benefits	42,254
Rent	86,892
Telephone expense	150,936
Administrative services	3,774
Office supplies	8,454
Repairs and maintenance	149,604
Utilities	27,896
Depreciation	488,091
Legal and professional services	23,785
Insurance	52,190
Travel	5,233
	<u>2,311,172</u>
Operating Income	<u>118,126</u>
Non-Operating Revenues (Expenses)	
Investment income	6,772
Interest expense	(80,081)
	<u>(73,309)</u>
Change in Net Position	44,817
Net Position, Beginning of Year	<u>2,333,215</u>
Net Position, End of Year	<u><u>\$ 2,378,032</u></u>

See accompanying notes to financial statements.

Terrebonne Parish Communications District
Statement of Cash Flows
For the Year Ended December 31, 2019

Cash Flows From Operating Activities

Receipts:

Cash receipts from customers \$ 2,412,598

Disbursements:

Payments to employees for services (1,340,643)

Payments to suppliers for goods and services (562,230)

Net cash provided by operating activities 509,725

Cash Flows From Capital and Related Financing Activities

Purchases of capital assets (17,487)

Payments on capital lease obligation (356,961)

Interest paid on capital lease obligation (85,414)

Net cash used in capital and related financing activities (459,862)

Cash Flows From Investing Activities

Purchase of investments (56,767)

Investment income received 6,772

Net cash used in investing activities (49,995)

Net change in cash and cash equivalents (132)

Cash and cash equivalents, beginning balance 137,607

Cash and cash equivalents, ending balance \$ 137,475

Reconciliation of Change in Net Position to

Cash Flows from Operating Activities

Operating income \$ 118,126

Adjustments to reconcile the change in net position

to net cash provided by operating activities:

Depreciation 488,091

(Increase) decrease in:

Accounts receivable (16,700)

Prepaid expenses 9,283

Increase (decrease) in:

Accounts payable (62,749)

Accrued payroll expenses (34,496)

Accrued compensated absences 8,170

Net cash provided by operating activities \$ 509,725

See accompanying notes to financial statements.

Terrebonne Parish Communications District

Notes to Financial Statements

1. History and Summary of Significant Accounting Policies

Nature of Operations

The District assesses a fixed monthly service charge to customers of local telephone and wireless communication companies providing service in Terrebonne Parish. The companies collect the charge then remit those collections to the District. The District uses this service charge to run an emergency 911 system. The District is a component unit of Terrebonne Parish Consolidated Government (the Parish) and as such, these financial statements will be included in the comprehensive annual financial report (CAFR) of the Parish for the year ended December 31, 2019. The District has reviewed all of its activities and determined that there are no potential component units which should be included in its financial statements.

Financial Reporting Entity

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

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

Based on the foregoing criteria, the District is included as a component unit of Terrebonne Parish Consolidated Government (the "Parish") and as such, these financial statements will be included in the Comprehensive Annual Financial Report of the Parish for the year ended December 31, 2019.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

Terrebonne Parish Communications District

Notes to Financial Statements

Net Position

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

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

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

Use of Estimates

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

Cash and Cash Equivalents

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

Accounts Receivable

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

Prepaid Expenses

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

Investments

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

Terrebonne Parish Communications District

Notes to Financial Statements

Capital Assets

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

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

Compensated Absences

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

Deferred Compensation Plan

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

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

The District makes contributions on the employee's behalf based on the following formula; 3% for all full-time employees that have completed their probationary period and five years of consecutive full-time employment with an additional 1% added (4% total) for all full-time employees with seven years of consecutive full-time employment and an additional 1% added (5% total) for all full-time employees with ten years of consecutive full-time employment. The District's contributions to the Plan for the year ending December 31, 2019 totaled \$42,254.

Terrebonne Parish Communications District

Notes to Financial Statements

Accounting Pronouncements

GASB Statement No. 87, "Leases" increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. Management has not yet determined the effect of this Statement on the financial statements.

2. Deposits with Financial Institutions

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

Deposits in bank accounts are stated at cost, which approximates market. Under state law these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These pledged securities are held in the name of the pledging fiscal agent bank in a holding custodial bank in the form of safekeeping receipts. The District's cash deposits at December 31, 2019 consisted of the following:

	<u>Cash</u>
Deposits per Statement of Net position (reconciled bank balance)	<u>\$ 137,475</u>
Deposits in bank accounts per bank	<u>\$ 208,761</u>
Category 3 bank balances:	
a. Uninsured and uncollateralized	\$ -
b. Uninsured and collateralized with securities held by the pledging institution	-
c. Uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the District's name	-
Total category 3 bank balances	<u>\$ -</u>

Terrebonne Parish Communications District

Notes to Financial Statements

Custodial Deposit Risk

In the case of deposits, this is the risk that in the event of a bank failure, the deposits may not be returned to the District. As of December 31, 2019, the District's deposits were properly insured.

3. Investments

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

The investments in LAMP are stated at fair value and was \$369,559 at December 31, 2019. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the net asset value of the pool shares. In accordance with GASB Codification Section, the investment in LAMP - a local government investment pool - is not categorized in the three risk categories provided by GASB Codification because the investment is in a pool of funds and therefore not evidenced by securities that exist in physical or book entry form.

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

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

Credit risk

LAMP is rated AAAM by Standard & Poor's.

Custodial credit risk

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

Concentration of credit risk

Pooled investments are excluded from the five percent disclosure requirement.

Interest rate risk

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

Terrebonne Parish Communications District

Notes to Financial Statements

Foreign currency risk

Not applicable.

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

4. Capital Assets

The following is a summary of the District's capital assets for the year ended December 31, 2019:

	Balance 12/31/18	Additions	Disposals	Balance 12/31/19
Capital Assets Being Depreciated				
Buildings	\$ 1,277,357	\$ -	\$ -	\$ 1,277,357
Equipment	5,258,669	17,487	-	5,276,156
Automobile	20,848	-	-	20,848
	<u>6,556,874</u>	<u>17,487</u>	<u>-</u>	<u>6,574,361</u>
Accumulated depreciation	<u>(2,127,268)</u>	<u>(488,091)</u>	<u>-</u>	<u>(2,615,359)</u>
	<u>\$ 4,429,606</u>	<u>\$ (470,604)</u>	<u>\$ -</u>	<u>\$ 3,959,002</u>

Depreciation expense for the year ended December 31, 2019 was \$488,091.

5. Noncurrent Liabilities

The following is a summary of the District's long-term liabilities for the year ended December 31, 2019:

	Balance at 12/31/18	Additions	Payments	Balance at 12/31/19	Due Within One Year
Capital lease obligation	\$ 2,745,183	\$ -	\$ (356,961)	\$ 2,388,222	\$ 368,100
Compensated absences	51,493	55,219	(47,049)	59,663	-
	<u>\$ 2,796,676</u>	<u>\$ 55,219</u>	<u>\$ (404,010)</u>	<u>\$ 2,447,885</u>	<u>\$ 368,100</u>

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

6. Lease Agreements

Capital Leases

On November 30, 2017, the District entered into a capital lease agreement with Government Capital Corporation for a computer aided dispatch system with an initial balance of \$2,562,313. The capital lease is payable in annual installments of \$360,944, including interest at 3.090%, beginning May 30, 2018 and ending May 30, 2025. The outstanding balance at December 31, 2019 is \$1,949,485. The capital lease obligation is secured by the related asset which is reported as capital assets and depreciated.

Terrebonne Parish Communications District

Notes to Financial Statements

On December 20, 2017, the District entered into a capital lease agreement with Government Capital Corporation for a records management software system with an initial balance of \$574,667. The capital lease is payable in annual installments of \$81,676, including interest at 3.255%, beginning July 20, 2018 and ending July 20, 2025. The outstanding balance at December 31, 2019 is \$438,737. The capital lease obligation is secured by the related asset which is reported as capital assets and depreciated.

The future minimum lease payments are as follows:

Year Ending December 31	Principal	Interest	Total
2020	\$ 368,100	\$ 74,520	\$ 442,620
2021	379,585	63,035	442,620
2022	391,429	51,191	442,620
2023	403,643	38,977	442,620
2024	416,238	26,382	442,620
2025	429,227	13,393	442,620
	<u>\$ 2,388,222</u>	<u>\$ 267,498</u>	<u>\$ 2,655,720</u>

Operating Leases

The District leases tower space from two unrelated third parties. These one-year, written agreements are renewable annually with the consent of both parties. The total operating lease expense under these agreements for the year ended December 31, 2019 is \$26,892.

In-Kind

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

7. Commitment

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

The District implemented the rulings and has begun collecting the service charge effective January 1, 2001. Proceeds from the consumer service charge, \$1,163,175 for the year ended December 31, 2019, shall be used for the payment of service provider and costs associated with system implementation.

Terrebonne Parish Communications District

Notes to Financial Statements

8. Service Agreement

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

9. Risk Management

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

10. Compensation of Board Members

Board Member	Amount
Keith Ward	\$ -
Perry Szush	-
Bryan Chaisson	-
Toby Henry	-
Peter Guidry	-
Duane Farmer	-
Shonna Theriot	-

No compensation was paid to Board Members for the year ended December 31, 2019.

11. Subsequent Events

Subsequent events were evaluated by management through June 3, 2020, which is the date the financial statements were available to be issued.

Supplementary Information

Terrebonne Parish Communications District
Schedule of Compensation, Benefits, and Other Payments to District Head
For the Year Ended December 31, 2019

Name: Mark Boudreaux
Position: Director

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 91,398
Benefits - insurance	19,268
Benefits - retirement	4,570
	<u>\$ 115,236</u>

Independent Accountant's Report on Applying Agreed-Upon Procedures

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

We have performed the procedures enumerated below, which were agreed to by the management of Terrebonne Parish Communications District (the "District") and the Louisiana Legislative Auditor on the control and compliance areas identified in the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures for the fiscal period January 1, 2019 to December 31, 2019. The District's management is responsible for those control and compliance areas identified in the Statewide Agreed-Upon Procedures.

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

The procedures and associated findings are as follows on pages 21 - 29:

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.
 - b. Purchasing, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c. Disbursements, including processing, reviewing, and approving.
 - d. Receipts/Collections, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
 - e. Payroll/Personnel, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

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- f. Contracting, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
 - g. Credit Cards (and debit cards, fuel cards, P-Cards, if applicable), including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
 - h. Travel and expense reimbursement, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
 - i. Ethics, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (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.
 - j. Debt Service, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
 - k. Disaster Recovery/Business Continuity, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Results

No exceptions noted.

Board or Finance Committee

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

Results

No exceptions 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 selected each account, and observe that:
 - a. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
 - b. Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - 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

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

Our testing indicated the November 2019 bank reconciliation included 12 separate outstanding checks totaling \$69,570 payable to Voya for employee and employer retirement contributions for the period of December 2018 through November 2019. The bank reconciliations did not include evidence that the outstanding checks to Voya were researched. One Voya payment totaling \$69,570 was made December 2019 to cover the employee and employer retirement contributions for the period of December 2018 through November 2019.

Collections

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

-
- d. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.
6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
 7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc. Obtain supporting documentation for each of the 10 deposits and:
 - a. Observe that receipts are sequentially pre-numbered.
 - b. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c. Trace the deposit slip total to the actual deposit per the bank statement.
 - d. Observe 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).
 - e. Trace the actual deposit per the bank statement to the general ledger.

Results

No exceptions noted.

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

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

[Note: Exceptions to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); should not be reported.]
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10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
 - a. Observe that the disbursement matched the related original invoice/billing statement.
 - b. Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Results

No exceptions noted.

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

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

Results

We selected the First Bankcard credit card statement for the period ending May 20, 2019 for testing. The statement included a finance charge of \$46.56 and a late fee of \$39.00.

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

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
 - Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results

No travel-related expense reimbursements noted in the current year.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Alternately, the practitioner may use an equivalent selection source, such as an active vendor list. Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
- Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
 - If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
 - Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Results

No exceptions noted.

Payroll and Personnel

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

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17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
 - a. Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
 - b. Observe that supervisors approved the attendance and leave of the selected employees/officials.
 - c. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
 18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.
 19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Results

No exceptions noted.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:
 - a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

Results

Our testing indicated the Assistant Director did not complete the ethics training in 2019.

Debt Service

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

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

Results

No exceptions noted.

Other

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Results

No exceptions noted.

Results

Bank Reconciliations

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

The agreed-upon procedures indicated the November 2019 bank reconciliation included 12 separate outstanding checks totaling \$69,570 payable to Voya for employee and employer retirement contributions for the period of December 2018 through November 2019. The bank reconciliations did not include evidence that the outstanding checks to Voya were researched. One Voya payment totaling \$69,570 was made December 2019 to cover the employee and employer retirement contributions for the period of December 2018 through November 2019.

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

We selected the First Bankcard credit card statement for the period ending May 20, 2019 for testing. The statement included a finance charge of \$46.56 and a late fee of \$39.00.

Ethics

Our testing indicated the Assistant Director did not complete the ethics training in 2019.

Management's Response

See management's responses to the exceptions in the following letter at page 30.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those control and compliance areas identified in the Statewide Agreed-Upon Procedures. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those control and compliance areas identified in the Statewide Agreed-Upon Procedures, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

A handwritten signature in black ink that reads "Penell & Martiney, LLC". The signature is written in a cursive, flowing style.

Covington, Louisiana
June 3, 2020



TERREBONNE PARISH

Communications District

110 Capital Boulevard, Houma, LA 70360
Phone (985) 580-0911 Fax (985) 580-0976

Date: June 3, 2020

To: Louisiana Legislative Auditor

Subject: Terrebonne Parish Communications District Corrective Action Plan.

Pursuant to the above subject matter, and in response to the exceptions noted in the Terrebonne Parish Communications District's Statewide Agreed-Upon Procedures for the fiscal year ending December 31, 2019, and conducted by an independent public accounting firm:

Pinell & Martinez, LLC
308 S. Tyler Street, Suite 2
Covington, LA 70433

The Terrebonne Parish Communications District humbly submits the following Corrective Action Plan:

Bank Reconciliations

TPCD Administration instituted an AUP in October, 2019 which provided that an additional member of management, or a member of the Board of Commissioners, be added as a third level review regarding bank reconciliations. This action greatly assisted in the discovery of several payments made to Voya not being received by Voya due to a lack of electronic submittal confirmation oversight. Within two (2) weeks of discovery all monies were properly transferred and electronically confirmed. The District Board of Commissioners contracted a third party accounting firm to provide a qualified opinion regarding the reconciliation of participant interest which was duly remitted. It is the District's humble opinion that the October, 2019 AUP provided a positive corrective action to a potential deficiency and will thus commit to the continuance of this procedure.

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

The TPCD Administration is committed to being more vigilant in the payment of debts on-time or early as to avoid unnecessary finance charges and or late fees.

Ethics

The TPCD Administration has established corrective measures utilizing the District's CAD software to provide annual reminders to ensure ALL District personnel and Board members' completion of the required State of Louisiana's Ethics Course.

If you have any questions or concerns regarding the above corrective measures, please do not hesitate to contact Mark J. Boudreaux, Executive Director (W-985-580-0911, mboudreaux@tpe911.com) at your convenience.

Most Sincerely,

A handwritten signature in blue ink, appearing to read "Mark J. Boudreaux", with a long horizontal flourish extending to the right.

Mark J. Boudreaux

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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Terrebonne Parish Communications District (the “District”) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated June 3, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District’s internal control over financial reporting (“internal control”) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the District’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District’s financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings as item **2019-1** that we consider to be material weaknesses.

Compliance and Other Matters

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

Terrebonne Parish Communications District's Response to Findings

The District's response to the finding identified in our audit is described in the letter following the summary of auditor's results and schedule of findings. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



Covington, Louisiana
June 3, 2020

**Terrebonne Parish Communications District
 Summary of Auditor's Results and Schedule of Findings
 For the Year Ended December 31, 2019**

A. Summary of Auditor's Results

a. Financial Statements

Type of auditors' report issued: Unmodified

b. Internal control over financial reporting:

Material weaknesses identified	<u> ✓ </u> yes	<u> </u> no
Significant deficiencies identified not considered to be material weaknesses	<u> </u> yes	<u> ✓ </u> none noted

c. Noncompliance material to financial statements noted

 yes ✓ no

B. Findings in Accordance with *Government Auditing Standards*

2019-1 Material Weakness: Retirement Contributions

Criteria

The District failed to submit employees' retirement withholdings and employer's retirement contributions to Voya in a timely manner. One Voya payment totaling \$69,570 was made December 2019 to cover the employee and employer retirement contributions for the period of December 2018 through November 2019.

Condition

Retirement withholdings and contributions should be submitted timely to ensure employees' retirement accounts are earning the correct amount of interest.

Cause

Lack of oversight by the District to ensure benefit payments are being made timely and accurately.

Effect

Employees' retirement accounts may have accumulated more earnings if retirement withholdings and contributions were submitted timely.

Recommendation

We recommend management and/or the board members to review payroll related items each pay period to ensure all withholdings and contributions are submitted timely.

Management's Response and Corrective Action Plan

See management's response and corrective action plan in the attached letter at page 34.



TERREBONNE PARISH

Communications District

110 Capital Boulevard, Houma, LA 70360
Phone (985) 580-0911 Fax (985) 580-0976

Date: June 3, 2020

To: Louisiana Legislative Auditor

Subject: Terrebonne Parish Communications District Response to
Audit Finding #2019-1(page 32, Section B).

Pursuant to the above subject matter, and in response to the finding noted in the Terrebonne Parish Communications District's Annual Audit for the fiscal year ending December 31, 2019, and conducted by an independent public accounting firm:

*Pinell & Martinez, LLC
308 S. Tyler Street, Suite 2
Covington, LA 70433*

The Terrebonne Parish Communications District humbly submits the following explanation of occurrence as well as Corrective Action Plan:

2019-1 Material Weakness: Retirement Contributions

TPCD Administration instituted an AUP in October, 2019 which provided that an additional member of management, or a member of the Board of Commissioners, be added as a third level review regarding bank reconciliations. This action greatly assisted in the discovery of several payments made to Voya not being received by Voya due to a lack of electronic submittal confirmation oversight. Within two (2) weeks of discovery all monies were properly transferred and electronically confirmed. The District Board of Commissioners contracted a third party accounting firm to provide a qualified opinion regarding the reconciliation of participant interest which was duly remitted. It is the District's humble opinion that the October, 2019 AUP provided a positive corrective action to a potential deficiency and the District will thus commit to the continuance of this procedure. As of October 2019, the Board Member who is elected by the Board to the position of Board Secretary/Treasurer in addition to a second member of management are required to review payroll related items each pay period to ensure all withholdings and contributions are submitted timely and are verified as received after submission.

If you have any questions or concerns regarding the above corrective measures, please do not hesitate to contact Mark J. Boudreaux, Executive Director (W-985-580-0911, mboudreaux@tpe911.com) at your convenience.

Most Sincerely,

A handwritten signature in blue ink, appearing to read "Mark J. Boudreaux", with a long horizontal flourish extending to the right.

Mark J. Boudreaux

Terrebonne Parish Communications District
Summary Schedule of Prior Year Findings
For the Year Ended December 31, 2019

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

None noted.