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**Terrebonne Parish  
Communications District**

*Financial Statements*

**December 31, 2020**

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# 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, 2020, 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, 2020, 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, 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.

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

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### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 25, 2021, 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 "Russell S. Martineau". The signature is written in a cursive style with a large initial "R".

Covington, Louisiana  
May 25, 2021

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*Management's Discussion and Analysis*

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# Terrebonne Parish Communications District Management's Discussion and Analysis

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## 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, 2020. 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

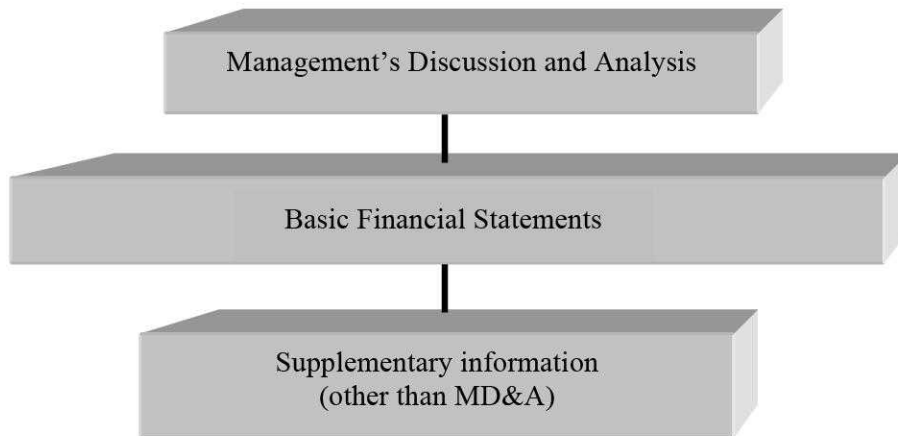
The District's assets exceeded its liabilities at December 31, 2020 by \$2,427,425, which represents a 2.08% increase from the prior fiscal year.

Current assets increased by \$164,886 approximately 17.81%, compared to the prior fiscal year.

Noncurrent liabilities decreased by \$378,010, approximately 18.18%, 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

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

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

### **Basic Financial Statements**

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

#### ***Statement of Net Position***

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

#### ***Statement of Revenues, Expenses, and Changes in Net Position***

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

#### ***Statement of Cash Flows***

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

#### ***Notes to the Financial Statements***

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



# Terrebonne Parish Communications District

## Management's Discussion and Analysis

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### Financial Analysis of the Entity

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

	2020	2019	Variance	% Variance
<b>Assets</b>				
Current assets	\$ 1,090,481	\$ 925,595	\$ 164,886	17.81%
Capital assets, net	3,477,080	3,959,002	(481,922)	-12.17%
	<u>\$ 4,567,561</u>	<u>\$ 4,884,597</u>	<u>\$ (317,036)</u>	-6.49%
<b>Liabilities</b>				
Current liabilities	\$ 438,361	\$ 426,780	\$ 11,581	2.71%
Noncurrent liabilities	1,701,775	2,079,785	(378,010)	-18.18%
	<u>2,140,136</u>	<u>2,506,565</u>	<u>(366,429)</u>	-14.62%
<b>Net Position</b>				
Net investment in capital assets	1,446,051	1,570,780	(124,729)	-7.94%
Unrestricted	981,374	807,252	174,122	21.57%
	<u>2,427,425</u>	<u>2,378,032</u>	<u>49,393</u>	2.08%
	<u>\$ 4,567,561</u>	<u>\$ 4,884,597</u>	<u>\$ (317,036)</u>	-6.49%

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 \$164,886, approximately 17.81%, from December 31, 2019 to December 31, 2020, due primarily to an increase in cash and investments. Noncurrent liabilities consist of accrued compensated absences and capital lease obligation. The decrease of \$378,010 from December 31, 2019 to December 31, 2020 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:

	2020	2019	Variance	% Variance
<b>Operating Revenues</b>				
Service charges	\$ 2,134,860	\$ 2,151,547	\$ (16,687)	-0.78%
Other revenues	244,380	277,751	(33,371)	-12.01%
	<u>2,379,240</u>	<u>2,429,298</u>	<u>(50,058)</u>	-2.06%
<b>Operating Expenses</b>				
Salaries and benefits	1,313,397	1,314,317	(920)	-0.07%
Telephone expense	138,729	150,936	(12,207)	-8.09%
Depreciation	481,922	488,091	(6,169)	-1.26%
Other operating expenses	328,536	357,828	(29,292)	-8.19%
	<u>2,262,584</u>	<u>2,311,172</u>	<u>(48,588)</u>	-2.10%
Operating income	<u>116,656</u>	<u>118,126</u>	<u>(1,470)</u>	-1.24%
<b>Non-Operating</b>				
Interest income	2,637	6,772	(4,135)	-61.06%
Interest expense	(69,900)	(80,081)	(10,181)	-12.71%
	<u>(67,263)</u>	<u>(73,309)</u>	<u>6,046</u>	8.25%
Change in net position	49,393	44,817	4,576	10.21%
Net position, beginning of year	2,378,032	2,333,215	44,817	1.92%
Net position, end of year	<u>\$ 2,427,425</u>	<u>\$ 2,378,032</u>	<u>\$ 49,393</u>	2.08%

The District's operating income and operating expenses are consistent between the 2019 and 2020 fiscal years.

### Capital Assets

Capital assets consist of the following at December 31:

	2020	2019	Variance	% Variance
Buildings	\$ 1,277,357	\$ 1,277,357	\$ -	0.00%
Equipment	5,276,156	5,276,156	-	0.00%
Automobiles	20,848	20,848	-	0.00%
	<u>6,574,361</u>	<u>6,574,361</u>	<u>-</u>	0.00%
Accumulated depreciation	<u>(3,097,281)</u>	<u>(2,615,359)</u>	<u>(481,922)</u>	18.43%
	<u>\$ 3,477,080</u>	<u>\$ 3,959,002</u>	<u>\$ (481,922)</u>	-12.17%

Capital assets decreased by \$481,922, approximately 12.17%, due to current year depreciation in the current fiscal year.

# Terrebonne Parish Communications District Management's Discussion and Analysis

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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>2020</u>	<u>2019</u>	<u>Variance</u>	<u>% Variance</u>
Capital lease obligation	<u>\$ 2,031,029</u>	<u>\$ 2,388,222</u>	<u>\$ (357,193)</u>	-14.96%

## Budget

The annual budget is approved by the Board of Commissioners and made available for public inspection. For the year ended December 31, 2020, actual revenues exceeded final budgeted revenues by \$49,972 and actual expenses were \$79,599 more than final budgeted expenses. In addition, total expenses decreased by \$118,578 from the original budget to the final budget.

## 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 2020 fiscal year, the District had an increase in residential wireline subscribers and a decrease in prepaid service subscribers. An increase in funding during the 2019 fiscal year 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.

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*Financial Statements*

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**Terrebonne Parish Communications District**  
**Statement of Net Position**  
**December 31, 2020**

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**ASSETS**

**Current Assets**

Cash and cash equivalents	\$ 206,626
Accounts receivable	264,424
Prepaid expenses	122,250
Investments	497,181
	<u>1,090,481</u>

**Capital Assets**

Property and equipment, net	3,477,080
	<u>\$ 4,567,561</u>

**LIABILITIES AND NET POSITION**

**Current Liabilities**

Accounts payable	\$ 11,631
Accrued payroll expenses	12,077
Accrued interest	23,255
Capital lease obligation, current portion	391,398
	<u>438,361</u>

**Noncurrent Liabilities**

Accrued compensated absences	62,144
Capital lease obligation, net of current portion	1,639,631
	<u>1,701,775</u>
	2,140,136

**Net Position**

Net investment in capital assets	1,446,051
Unrestricted	981,374
	<u>2,427,425</u>
	<u>\$ 4,567,561</u>

**Terrebonne Parish Communications District**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**For the Year Ended December 31, 2020**

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<b>Operating Revenues</b>	
Service charges	\$ 2,134,860
Fire dispatch reimbursements	138,613
Computer aided dispatch fees	81,676
Other revenues	24,091
	<u>2,379,240</u>
<b>Operating Expenses</b>	
Salaries and related taxes	1,285,741
Retirement benefits	27,656
Rent	120,797
Telephone expense	138,729
Administrative services	5,799
Office supplies	4,787
Repairs and maintenance	112,091
Utilities	14,916
Depreciation	481,922
Legal and professional services	8,547
Insurance	58,212
Travel	3,387
	<u>2,262,584</u>
<b>Operating Income</b>	<u>116,656</u>
<b>Non-Operating Revenues (Expenses)</b>	
Investment income	2,637
Interest expense	(69,900)
	<u>(67,263)</u>
<b>Change in Net Position</b>	49,393
Net Position, Beginning of Year	<u>2,378,032</u>
<b>Net Position, End of Year</b>	<u><u>\$ 2,427,425</u></u>

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*See accompanying notes to financial statements.*

**Terrebonne Parish Communications District**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2020**

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**Cash Flows From Operating Activities**

Receipts:

Cash receipts from customers \$ 2,427,561

Disbursements:

Payments to employees for services (1,303,230)

Payments to suppliers for goods and services (484,457)

Net cash provided by operating activities 639,874

**Cash Flows From Capital and Related Financing Activities**

Payments on capital lease obligation (357,193)

Interest paid on capital lease obligation (88,545)

Net cash used in capital and related financing activities (445,738)

**Cash Flows From Investing Activities**

Purchase of investments (127,622)

Investment income received 2,637

Net cash used in investing activities (124,985)

Net change in cash and cash equivalents 69,151

Cash and cash equivalents, beginning balance 137,475

Cash and cash equivalents, ending balance \$ 206,626

**Reconciliation of Change in Net Position to**

**Cash Flows from Operating Activities**

Operating income \$ 116,656

Adjustments to reconcile the change in net position  
to net cash provided by operating activities:

Depreciation 481,922

(Increase) decrease in:

Accounts receivable 48,321

Prepaid expenses (16,434)

Increase (decrease) in:

Accounts payable (758)

Accrued payroll expenses 7,686

Accrued compensated absences 2,481

Net cash provided by operating activities \$ 639,874

# Terrebonne Parish Communications District

## Notes to Financial Statements

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### 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, 2020. 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, 2020.

#### *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

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### *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.

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# Terrebonne Parish Communications District

## Notes to Financial Statements

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### *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, 2020 totaled \$27,656.

# Terrebonne Parish Communications District

## Notes to Financial Statements

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### *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 have been postponed by 18 months until reporting periods beginning after June 15, 2021.

## 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, 2020 consisted of the following:

	<u>Cash</u>
Deposits per Statement of Net Position (reconciled bank balance)	<u>\$ 206,626</u>
Deposits in bank accounts per bank	<u>\$ 290,709</u>
Category 3 bank balances:	
a. Uninsured and uncollateralized	\$ -
b. Uninsured and collateralized with securities held by the pledging institution	-
c. Uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the District's name	<u>25,489</u>
Total category 3 bank balances	<u>\$ 25,489</u>

# Terrebonne Parish Communications District

## Notes to Financial Statements

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### *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, 2020, \$25,489 of the District's bank balance was exposed to custodial credit risk because the deposits were uninsured and collateralized with securities held by the pledging institution's trust department or agent but not in the Commission's name.

### **3. Investments**

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

The investments in LAMP are stated at fair value and was \$497,181 at December 31, 2020. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the net asset value of the pool shares. In accordance with GASB Codification Section, the investment in LAMP - a local government investment pool - is not categorized in the three risk categories provided by GASB Codification because the investment is in a pool of funds and therefore not evidenced by securities that exist in physical or book entry form.

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

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

#### *Credit risk*

LAMP is rated AAAM by Standard & Poor's.

#### *Custodial credit risk*

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

#### *Concentration of credit risk*

Pooled investments are excluded from the five percent disclosure requirement.

# Terrebonne Parish Communications District

## Notes to Financial Statements

### *Interest rate risk*

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

### *Foreign currency risk*

Not applicable.

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

## 4. Capital Assets

The following is a summary of the District’s capital assets for the year ended December 31, 2020:

	Balance 12/31/19	Additions	Disposals	Balance 12/31/20
<b>Capital Assets Being Depreciated</b>				
Buildings	\$ 1,277,357	\$ -	\$ -	\$ 1,277,357
Equipment	5,276,156	-	-	5,276,156
Automobile	20,848	-	-	20,848
	<u>6,574,361</u>	<u>-</u>	<u>-</u>	<u>6,574,361</u>
Accumulated depreciation	<u>(2,615,359)</u>	<u>(481,922)</u>	<u>-</u>	<u>(3,097,281)</u>
	<u>\$ 3,959,002</u>	<u>\$ (481,922)</u>	<u>\$ -</u>	<u>\$ 3,477,080</u>

Depreciation expense for the year ended December 31, 2020 was \$481,922.

## 5. Noncurrent Liabilities

The following is a summary of the District’s long-term liabilities for the year ended December 31, 2020:

	Balance at 12/31/19	Additions	Payments	Balance at 12/31/20	Due Within One Year
Capital lease obligation	\$ 2,388,222	\$ -	\$ (357,193)	\$ 2,031,029	\$ 391,398
Compensated absences	59,663	66,660	(64,179)	62,144	-
	<u>\$ 2,447,885</u>	<u>\$ 66,660</u>	<u>\$ (421,372)</u>	<u>\$ 2,093,173</u>	<u>\$ 391,398</u>

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

# Terrebonne Parish Communications District

## Notes to Financial Statements

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### 6. Lease Agreements

#### *Capital Leases*

The District entered into a capital lease agreement with Government Capital Corporation for a computer aided dispatch system on November 30, 2017 and amended May 30, 2020. The amended capital lease is payable in annual installments of \$360,944, including interest at 3.09%, beginning May 30, 2020 and ending May 30, 2025. The outstanding balance at December 31, 2020 is \$1,659,687. The capital lease obligation is secured by the related asset which is reported as capital assets and depreciated.

The District entered into a capital lease agreement with Government Capital Corporation for a records management software system on December 20, 2017. The capital lease is payable in annual installments of \$81,676, including interest at 3.255%, beginning July 20, 2018 and ending July 20, 2025. The outstanding balance at December 31, 2020 is \$371,342. 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
2021	\$ 391,398	\$ 50,978	\$ 442,376
2022	391,213	51,163	442,376
2023	403,420	38,955	442,375
2024	416,008	26,367	442,375
2025	428,990	13,386	442,376
	<u>\$ 2,031,029</u>	<u>\$ 180,849</u>	<u>\$ 2,211,878</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, 2020 is \$17,243.

The District entered into a five year, non-cancelable, operating lease with SBA Infrastructure, LLC for tower antenna space for the District's base station equipment with a non-exclusive easement for access to the equipment. The lease began on April 1, 2020 and ends March 31, 2025. The District has the option to renew the agreement for up to four additional terms of five years each. The lease is to be paid annually in the amount of \$24,000 and the rate will increase annually by 5%. The total operating lease expense under this agreement for the year ended December 31, 2020 is \$18,000.

#### *In-Kind*

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

# Terrebonne Parish Communications District

## Notes to Financial Statements

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### 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, \$1,063,406 for the year ended December 31, 2020, shall be used for the payment of service provider and costs associated with system implementation.

### 8. Service Agreement

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

### 9. Risk Management

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

### 10. Compensation of Board Members

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

### 11. Subsequent Events

Subsequent events were evaluated by management through May 25, 2021, which is the date the financial statements were available to be issued.

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*Supplementary Information*

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**Terrebonne Parish Communications District**  
**Schedule of Compensation, Benefits, and Other Payments to District Head**  
**For the Year Ended December 31, 2020**

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Name: Mark Boudreaux  
Position: Director

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 88,379
Benefits - insurance	30,634
Benefits - retirement	4,220
	<u>\$ 123,233</u>

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*Reports Required by  
Government Auditing Standards*

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**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, 2020, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated May 25, 2021.

**Internal Control Over Financial Reporting**

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

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

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

## Compliance and Other Matters

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

## Purpose of this Report

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



Covington, Louisiana  
May 25, 2021

**Terrebonne Parish Communications District**  
**Summary of Auditor's Results and Schedule of Findings**  
**For the Year Ended December 31, 2020**

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**A. Summary of Auditor's Results**

a. Financial Statements

Type of auditors' report issued: Unmodified

b. Internal control over financial reporting:

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

c. Noncompliance material to financial statements noted

\_\_\_\_\_ yes \_\_\_\_\_  no

**B. Findings in Accordance with *Government Auditing Standards***

None Noted.

**Terrebonne Parish Communications District**  
**Summary Schedule of Prior Year Findings**  
**For the Year Ended December 31, 2020**

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

**2019-1 Material Weakness: Retirement Contributions**

***Criteria***

During the 2019 fiscal year, 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 recommended management and/or the board members to review payroll related items each pay period to ensure all withholdings and contributions are submitted timely.

***Update***

The District addressed this finding during the 2020 fiscal year.