

Livingston Parish Communications District

Annual Financial Statements

As of and for the Year Ended December 31, 2019
With Supplementary Information Schedules



BRUCE HARRELL & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS
A Professional Accounting Corporation

Livingston Parish Communications District
Annual Financial Statements
As of and for the Year Ended December 31, 2019
With Supplementary Information Schedules

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Independent Auditor's Report

To the Board of Commissioners
Livingston Parish Communications District
Livingston Parish Council
Livingston, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Livingston Parish Communications District, a component unit of the Livingston Parish Council, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Livingston Parish Communications 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, 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.

BRUCE HARRELL & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

A Professional Accounting Corporation

To the Board of Commissioners
Livingston Parish Communications District
Livingston Parish Council
Livingston, Louisiana
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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 governmental activities, each major fund, and the aggregate remaining fund information of Livingston Parish Communications District, as of December 31, 2019, and the respective changes in the 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 and budgetary comparison information on pages 8-13 and 40, 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 response 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.

Other Information

Our audit was conducted for the purpose of forming opinions of the financial statements that collectively comprise the Livingston Parish Communications District's basic financial statements. The accompanying schedules listed as Other Supplementary Information in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying schedules listed as Other Supplementary Information in the table of contents are the responsibility of management and were 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying schedules listed as Other Supplementary Information in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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A Professional Accounting Corporation

To the Board of Commissioners
Livingston Parish Communications District
Livingston Parish Council
Livingston, 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 September 25, 2020, on our consideration of the Livingston Parish Communications District's internal control over financial reporting and 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 Standard*, in considering Livingston Parish Communications District's internal control over financial reporting and compliance.



Bruce Harrell & Company, CPAs
A Professional Accounting Corporation

Kentwood, Louisiana
September 25, 2020

Required Supplementary Information (Part I)

Management's Discussion and Analysis

**Livingston Parish Communications District
Management's Discussion and Analysis (Unaudited)
As of and for the Year Ended December 31, 2019**

Introduction

The Livingston Parish Communications District (the District) is pleased to present its Annual Financial Statements developed in compliance with Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - Management's Discussion and Analysis - For State and Local Governments* (GASB 34), as amended. The amendment of GASB 34, including the adoption of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and applicable standards as more fully described in the financial statement footnotes as *Footnote 1 - Summary of Significant Accounting Policies*.

The Management's Discussion and Analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the District's financial activity, (c) identify changes in the District's financial position, (d) identify any significant variations from the District's financial plan, and (e) identify individual fund issues or concerns.

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

Financial Highlights

- At December 31, 2019, the District's government wide assets of \$2,669,965 exceeded its liabilities by \$1,153,808 (net position). Of this amount, \$775,806 (unrestricted net position) may be used to meet the District's ongoing obligations to its citizens.
- For the year ended December 31, 2019, the District's total government wide net position decreased by \$719,210.
- At December 31, 2019, the District's governmental fund reported an ending fund balance of \$819,237, an increase of \$126,335 for the year. Of this amount a total of \$289,531 is unassigned and is available for spending at the District's discretion, \$29,706 is nonspendable, and \$500,000 is committed for the replacement of facilities and equipment by the District's board.
- At December 31, 2019, the District had cash and cash equivalents of \$552,513, which represents a increase of \$122,285 from December 31, 2018.
- At December 31, 2019, the District had capital assets net of accumulated depreciation of \$1,503,078.

Overview of the Annual Financial Report

The financial statement focus is on both the District as a whole and on the major individual funds. Both perspectives, government-wide and major funds, allow the user to address relevant questions, broaden a basis for comparison, and enhance the District's accountability. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The MD&A is intended to serve as an introduction to the District's basic financial statements, which consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

**Livingston Parish Communications District
Management's Discussion and Analysis (Unaudited)
As of and for the Year Ended December 31, 2019**

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances in a manner similar to a private-sector business.

The Statement of Net Position presents information on the District's assets and liabilities using the accrual basis of accounting, in a manner similar to the accounting used by private business enterprises. The difference between the assets and liabilities is reported as net position. Over time, the increases or decreases in net position and changes in the components of net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities presents information showing how the District's net position changed during the most recent fiscal year, focusing on both the gross and net costs of various governmental activities that are supported by the District's general tax and other revenues. This is intended to summarize and simplify the reader's analysis of the cost of various governmental services.

In the government-wide financial statements, the District's activities are presented as:

- Governmental activities - The District's basic services are reported here. These activities are financed primarily by telephone tariffs in Livingston Parish to fund public safety emergency communications services.

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

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related and legal requirements. The District uses one category of funds to account for financial transactions: governmental funds. Traditional users of governmental financial statements will find the fund financial statements presentation more familiar.

Governmental funds are used to account for most of the District's basic services. However, unlike the government-wide financial statements, governmental fund financial statements focus on how money flows into and out of those funds and the balances that are left at year-end that are available for spending. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, there are differences in the information presented for government funds and for governmental activities in the government-wide financial statements. Review of these differences provides the reader of the financial statements insight on the long-term impact of the District's more immediate decisions on the current use of financial resources. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

**Livingston Parish Communications District
Management's Discussion and Analysis (Unaudited)
As of and for the Year Ended December 31, 2019**

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-Wide Financial Analysis

As stated earlier, net position may serve over time as a useful indicator of a government's financial position. The following table provides a summary of the District's net position for the current year as compared to the prior year. For more detailed information, see the Statement of Net Position in this report.

**Net Position
2019 and 2018**

	<u>Governmental Activities</u>	
	<u>2019</u>	<u>2018</u>
Assets:		
Current and Other Assets	\$ 1,166,887	\$ 936,548
Capital Assets	1,503,078	2,464,466
Total Assets	<u>2,669,965</u>	<u>3,401,014</u>
Liabilities:		
Long-Term Debt Outstanding	1,040,000	1,160,000
Other Liabilities	476,157	367,996
Total Liabilities	<u>1,516,157</u>	<u>1,527,996</u>
Net Position:		
Net Investment in Capital Assets	334,571	1,189,466
Restricted	43,431	43,431
Unrestricted	775,806	640,121
Total Net Position	<u>\$ 1,153,808</u>	<u>\$ 1,873,018</u>

For the year ended December 31, 2019, approximately 67 percent of the District's net position is unrestricted and may be used to meet the District's ongoing obligations to its citizens.

For the year ended December 31, 2019, approximately 29 percent of the District's net position reflects its net investment in capital assets.

For the year ended December 31, 2019, approximately 4 percent of the District's net position is restricted on how it can be used. The District's restricted net position consists of restricted cash for capital projects required by a revenue bond agreement.

At December 31, 2019, the District had cash and cash equivalents of \$552,513 and investments of a certificate of deposit with maturity greater than three months of \$100,000 for total cash and investments of \$652,513. This represents approximately 56 percent of current and other assets.

In order to further understand what makes up the changes in net position, the following table provides a summary of the results of the District's activities for the current year as compared to the prior year. An analysis of the primary sources of these changes follows the table.

**Livingston Parish Communications District
Management's Discussion and Analysis (Unaudited)
As of and for the Year Ended December 31, 2019**

**Changes in Net Position
For the years ended December 31, 2019 and 2018**

	Governmental Activities	
	2019	2018
Revenues:		
Program Revenues:		
Operating Grants and Contributions	\$ -	\$ 4,927
General Revenues:		
Emergency Telephone Tariffs, net of Collection Fees	1,593,545	1,466,577
Prepaid Phone Fees	314,399	330,844
Interest Income	2,432	2,140
Gain (Loss) on Disposal of Capital Assets	(480,989)	(181)
Total Revenues	1,429,387	1,804,307
Expenses:		
Public Safety - Emergency Communications	2,122,655	2,051,090
Bond Interest Expense	25,942	28,471
Total Expenses	2,148,597	2,079,561
Change in Net Assets Before Transfers and Contributions	(719,210)	(275,254)
Transfers (Out) In	-	-
Change in Net Position	(719,210)	(275,254)
Net Position, Beginning	1,873,018	2,148,272
Net Position, Ending	\$ 1,153,808	\$ 1,873,018

The District's total revenues decreased by \$374,920 or twenty-one percent of the prior year amount. The overall decrease is primarily attributed to the District selling land and building to the Livingston Parish Sheriff's Office for a loss of \$480,989 and a decrease in operating grants and contributions of \$4,927. Emergency telephone tariffs, net of collections increased \$126,968 and prepaid phone fees decreased \$16,445. Total program expenses increased by three percent or approximately \$69,036. This increase was primarily due to an increase in contract labor of \$60,861 and a decrease in depreciation expense of \$9,834.

**Livingston Parish Communications District
Management's Discussion and Analysis (Unaudited)
As of and for the Year Ended December 31, 2019**

Fund Financial Analysis

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District has only one fund type – governmental funds.

Governmental Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the District's net resources available for spending at the end of the year.

The District has two major fund types: General and Capital Projects. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances for these funds.

The general fund is the chief operating fund of the District. At the end of the current year, the total fund balance for the general fund was \$819,237, of which \$289,531 or thirty-five percent was unassigned. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures.

During 2019, the District's General Fund balance increased by \$126,335 or approximately eighteen percent. This increase was mainly due to an overall increase in revenues of \$195,365.

General Fund Budgetary Highlights

Livingston Parish Communications District adopts an annual operating budget in accordance with the requirements of the Local Government Budget Act. As required by state law, actual revenues and other sources were within five percent of budgeted revenues and actual expenditures were within five percent of budgeted expenditures. The budget provides an estimate for the current fiscal year of the proposed expenditures and the revenues that will finance the operation of the District. The operating budget is adopted before the end of the prior fiscal year, and is amended by the Board of Commissioners after review of monthly budget-to-actual reports if necessary. The analysis of budget variances refers to Schedule 1 included as Required Supplementary Information, following the footnotes of the financial statements.

Capital Assets and Debt Administration

Capital Assets

The District's investment in capital assets for its governmental activities as of December 31, 2019 amounts to \$1,503,078 (net of depreciation). This represents a total decrease in the District's investment in capital assets for the current fiscal year of \$961,388 (net of depreciation). The decrease is mainly due to depreciation expense and the sale of land and building to Livingston Parish Sheriff's Office.

**Livingston Parish Communications District
Management's Discussion and Analysis (Unaudited)
As of and for the Year Ended December 31, 2019**

The following table provides a summary of the District's capital assets (net of depreciation) at the end of the current year as compared to the prior year. For more detailed information, see Note 8 to the financial statements in this report.

**Capital Assets (Net of Depreciation)
2019 and 2018**

Capital Assets	Governmental Activities	
	2019	2018
Land	\$ -	\$ 124,597
Buildings and Improvements	974,286	1,738,465
Equipment	2,492,012	2,420,667
Subtotal Capital Assets	3,466,298	4,283,729
Less: Accumulated Depreciation	(1,963,220)	(1,819,263)
Capital Assets, Net	\$ 1,503,078	\$ 2,464,466

Capital assets additions during the year ended December 31, 2019 were \$71,345 for computer and equipment upgrades. The District also sold land and building appraised for \$85,000 to Livingston Parish Sheriff's Office. The property sold formerly housed the District's communications operations and the radio and dispatch communications for the Livingston Parish Sheriff and was destroyed by the flood event of August 2016. Since then, the District moved and relocated to the Livingston Parish Courthouse. The Livingston Parish Sheriff owns and uses the adjoining three acre tract of land for helicopter operations. The land sold had an original cost of \$124,597. The building and all improvements sold had a cost of \$764,179 and had accumulated depreciation at the date of sale of \$322,787. Depreciation expense was \$466,744.

Long-Term Debt

At December 31, 2019, the District had total debt outstanding of \$1,160,000. Of this total, \$120,000 is due within one year and \$1,040,000 is due within greater than one year. The following table provides a summary of the District's outstanding debt at the end of the current year as compared to the prior year. See Note 11 to the financial statements in this report.

**Outstanding Debt
2019 and 2018**

	Governmental Activities	
	2019	2018
Revenue Bonds Payable	\$ 1,160,000	\$ 1,275,000
Total Outstanding Debt	\$ 1,160,000	\$ 1,275,000

Other Factors Affecting the District

The Livingston Parish Communications District's management approach is conservative and prudent.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, creditors and investors with a general overview of the District's finances and show the District's accountability for the money it receives. Questions regarding this report or requests for additional information should be addressed to Jamie Felder, Accountant, Livingston Parish Communications District, Post Office Box 1117, Denham Springs, LA 70727 or (225) 316-7502.

Basic Financial Statements

Government-Wide Financial Statements

Livingston Parish Communications District
Statement of Net Position
As of December 31, 2019

Statement A

	Primary
	Governmental
	Activities
Assets	
Current Assets:	
Cash and Cash Equivalents	\$ 509,082
Investments	100,000
Receivables, Net:	
Intergovernmental	51,369
Accounts	433,299
Prepaid and Other Assets	29,706
Total Current Assets	1,123,456
Restricted Assets:	
Restricted Cash and Cash Equivalents	43,431
Total Restricted Assets	43,431
Capital Assets:	
Land	-
Capital Assets, Net	1,503,078
Total Capital Assets	1,503,078
Total Assets	2,669,965
Liabilities	
Current Liabilities (Payable From Current Assets):	
Accounts Payable	347,643
Accrued Interest Payable	8,507
Other Accrued Payables	7
Total Current Liabilities (Payable From Current Assets)	356,157
Current Liabilities (Payable From Restricted Assets):	
Bonds Payable-Current Portion	120,000
Total Current Liabilities (Payable From Restricted Assets)	120,000
Long Term Liabilities:	
Bonds Payable-Non-Current	1,040,000
Total Long Term Liabilities	1,040,000
Total Liabilities	1,516,157
Net Position	
Net Investment in Capital Assets	334,571
Restricted for:	
Capital Projects	43,431
Unrestricted	775,806
Total Net Position	\$ 1,153,808

The accompanying notes are an integral part of this statement.

Livingston Parish Communications District
Statement of Activities
For the year ended December 31, 2019

Statement B

		Program Revenues			Net (Expenses)	Governmental
	Expenses	Charges for Services	Operating Grants & Contributions		Revenues	Activities
Governmental Activities						
Public Safety - Emergency Communications	\$ 2,122,655	\$ -	\$ -	\$ (2,122,655)	\$ (2,122,655)	\$ (2,122,655)
Bond Interest Expense	<u>25,942</u>	<u>-</u>	<u>-</u>	<u>(25,942)</u>	<u>(25,942)</u>	<u>(25,942)</u>
Total Governmental Activities	<u>2,148,597</u>	<u>-</u>	<u>-</u>	<u>(2,148,597)</u>	<u>(2,148,597)</u>	<u>(2,148,597)</u>
 General Revenues:						
Emergency Telephone Tariffs, Net of Collection Fees						1,593,545
Prepaid Phone Fees						314,399
Interest Income						2,432
Gain (Loss) on Disposal of Capital Assets						<u>(480,989)</u>
Total General Revenues						<u>1,429,387</u>
Change in Net Position						<u>(719,210)</u>
Net Position - Beginning						<u>1,873,018</u>
Net Position - Ending						<u>\$ 1,153,808</u>

The accompanying notes are an integral part of this statement.

Basic Financial Statements

Fund Financial Statements

Statement C

Livingston Parish Communications District
Balance Sheet, Governmental Funds
As of December 31, 2019

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
Assets			
Cash and Equivalents	\$ 509,082	\$ -	\$ 509,082
Investments	100,000	-	100,000
Receivables, Net:			
Intergovernmental	51,369	-	51,369
Accounts	433,299	-	433,299
Due From Other Funds	43,431	-	43,431
Prepaid and Other Assets	29,706	-	29,706
Restricted Cash	-	43,431	43,431
Total Assets	\$ 1,166,887	\$ 43,431	\$ 1,210,318
Liabilities and Fund Balances			
Liabilities:			
Accounts Payable	\$ 347,643	\$ -	\$ 347,643
Other Accrued Liabilities	7	-	7
Due to Other Funds	-	43,431	43,431
Total Liabilities	<u>347,650</u>	<u>43,431</u>	<u>391,081</u>
Fund Balance:			
Nonspendable	29,706	-	29,706
Committed for Replacement of Facilities and Equipment	500,000	-	500,000
Unassigned Fund Balance	289,531	-	289,531
Total Fund Balance	<u>819,237</u>	<u>-</u>	<u>819,237</u>
Total Liabilities and Fund Balances	\$ 1,166,887	\$ 43,431	\$ 1,210,318

The accompanying notes are an integral part of this statement.

**Livingston Parish Communications District
 Reconciliation of the Governmental Funds Balance Sheet
 to the Government-Wide Financial Statement of Net Position
 As of December 31, 2019**

Amounts reported for governmental activities in the Statement of Net Position are different because:

Fund Balances, Total Governmental Funds (Statement C)	\$	819,237
<p>Capital assets used in governmental activities are not financial resources and are therefore not reported in the governmental funds.</p>		
Governmental capital assets net of depreciation		1,503,078
<p>Some liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds:</p>		
Bonds and notes payable		(1,160,000)
Accrued Interest Payable		<u>(8,507)</u>
Net Position of Governmental Activities (Statement A)	\$	<u>1,153,808</u>

The accompanying notes are an integral part of this statement.

Livingston Parish Communications District
Statement of Revenues, Expenditures and
Changes in Fund Balances-Governmental Funds
For the year ended December 31, 2019

	General Fund	Capital Projects Fund	Total Governmental Funds
Revenues			
Charges, net			
Emergency Telephone Charges	\$ 1,610,394	\$ -	\$ 1,610,394
Prepaid Phone Fees	314,399	-	314,399
Collector Fees	(16,849)	-	(16,849)
Total Charges, net	1,907,944	-	1,907,944
Interest	2,432	-	2,432
Total Revenues	<u>1,910,376</u>	<u>-</u>	<u>1,910,376</u>
Expenditures			
Public Safety - Emergency Communications			
Board Per Diem and Payroll Taxes	2,588	-	2,588
Communications	101,528	-	101,528
Service Contracts	1,335,676	-	1,335,676
Insurance	27,880	-	27,880
Other operating	27,703	-	27,703
Professional Fees	79,500	-	79,500
Repairs and Maintenance	68,991	-	68,991
Supplies	6,477	-	6,477
Utilities	5,568	-	5,568
Capital Outlays	71,345	-	71,345
Debt Service			
Principal	115,000	-	115,000
Interest	26,785	-	26,785
Total Expenditures	<u>1,869,041</u>	<u>-</u>	<u>1,869,041</u>
Excess (Deficiency) of Revenues Over (Under) (Expenditures)	<u>41,335</u>	<u>-</u>	<u>41,335</u>
Other Financing Sources (Uses)			
Operating Transfers In	-	-	-
Operating Transfers (Out)	-	-	-
Proceeds from Sale of Assets	85,000	-	85,000
Total Other Financing Sources (Uses)	<u>85,000</u>	<u>-</u>	<u>85,000</u>
Net Change in Fund Balances	<u>126,335</u>	<u>-</u>	<u>126,335</u>
Fund Balances, Beginning	<u>692,902</u>	<u>-</u>	<u>692,902</u>
Fund Balances, Ending	<u>\$ 819,237</u>	<u>\$ -</u>	<u>\$ 819,237</u>

The accompanying notes are an integral part of this statement.

Livingston Parish Communications District
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the year ended December 31, 2019

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

Net Change in Fund Balances, Total Governmental Funds, Statement E \$ 126,335

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

Expenditures for capital assets	\$	71,345	
Less:			
Proceeds from sale of assets		(85,000)	
Current year depreciation		<u>(466,744)</u>	(480,399)

Sales and disposals of capital assets are reported as proceeds from the sale of capital assets in governmental funds, but as gains or losses from sale or disposal on the statement of activities. (480,989)

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. This is the amount by which accrued interest decreased since the prior year. 843

Repayment of bond principal is an expenditure in Government Funds, but the payment reduced long-term liabilities in the Government-Wide Statement of Net position

This amount represents bond principal payments during the current period. 115,000

Change in Net Position of Governmental Activities, Statement B **\$ (719,210)**

The accompanying notes are an integral part of this statement.

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Introduction

The Livingston Parish Communications District (the Communications District), was created by an ordinance of the Livingston Parish Council on September 4, 1991, pursuant to the provisions of Louisiana Statute (LSA-RS) 33:9101-9106. The Communication District was organized to provide emergency telephone services and maintain the facilities and equipment necessary to provide those emergency telephone services (911) to residents of the entire parish of Livingston, Louisiana.

The members of the Board of Commissioners of the Livingston Parish Communications District are appointed by the Livingston Parish Council and there are no set term limits for the Board Members. The Board members receive per diem payments for attending meetings.

In 2003, the Livingston Parish Communications District began construction of a state-of-the-art facility to house the operation of the Communications District. The Livingston Parish Communications District purchased a parcel of land with an existing building in Satsuma, Louisiana. The District renovated and customized the existing building to the needs and requirements of the Homeland Security Act. In November of 2004, the Communications District began occupying the facility and started installing and configuring the telephone and computer systems. On February 3, 2005, the Communications District began providing emergency telephone services at the new facility in Satsuma.

The Livingston Parish Communications District has allowed the Livingston Parish Sheriff's Office to house its Communications Department at the facility in Satsuma. The Livingston Parish Sheriff has provided the necessary equipment, hardware and personnel to fully staff and operate the Sheriff's communications department. The Sheriff's Department in turn helps with call taking and dispatching when the Communications District has the need.

On July 1, 2012, the District contracted with the Livingston Parish Sheriff's Office (LPSO) for dispatching services. The Communication District no longer employs dispatchers. All District employees were compensated for the accrued leave, per the policy and no additional liability exists. LPSO assumes all staffing responsibilities. The Livingston Parish Sheriff and the District have contractually agreed that the District will pay 70% of the annual phone tariff revenue to LPSO for dispatching services, to be remitted quarterly. As of December 31, 2019, the District operations are located within the Livingston Parish Council courthouse building.

Pursuant to Act 1029 of the 1999 Regular Session of the Legislature, the Communications District is authorized to establish an emergency telephone service charge of \$0.85 per wireless user per month for users of CMRS (Commercial Mobile Radio Service) who can access the 911 telephone system. The purpose of the Act is to provide a funding mechanism to cover the costs of implementing enhancements to the emergency 911 telephone system for cellular and other wireless telephone users as provided by the Federal Communication Commission in Matter #94-102. Phase I of the FCC Matter requires the implementation of necessary enhancements that will automatically provide the wireless telephone number and wireless tower location of the wireless caller to the communication district (911 communications center) when such a caller accesses the 911 system. Proceeds from the monies collected pursuant to Act 1029 will be used first for payment of wireless service supplier's and the District's cost associated with the implementation of enhancements required in Phase I, allowing the District to receive the telephone number of the device accessing the 911 system. Phase II, allows the District to receive the telephone number and the address registered to that number. As delineated within the Act, each district shall enter a cooperative endeavor agreement with each wireless service supplier to implement the enhancements required by FCC Matter 94-102. The District is currently in Phase II of implementation. Act 665 of the 2016 Regular Session of the Louisiana Legislature, the Communications District is authorized to raise the rate of \$0.85 per wireless user per month for users of CMRS (Commercial Mobile Radio Service) to

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\$1.25 per wireless user per month for users of CMRS (Commercial Mobile Radio Service) to be able to access the emergency telephone 911 system. This resolution numbered 2016-07-001 was adopted by the District at its July 21, 2016 board meeting.

Act 665 of the 2016 Regular Session of the Louisiana Legislature also authorized the Communication District to convert residential and business landlines from flat fees to percentages of tariffs. The wire line residential lines converted from a flat fee of \$0.77 for wire line residential lines to the amount of 5% of the present tariff rate based on the highest amount charged for basic service within the District by an exchange access service provider or equivalent, or \$1.06 per access line per month, for residential service users of fixed location wire line (i.e., landline telephone exchange service), whose address is within the boundaries of Livingston Parish. The District was authorized to convert from a flat fee of \$1.50 to the amount of a percentage of the tariff rate for business service users of fixed location wire line whose address is within the boundaries of Livingston Parish to the amount equal to 1.75% instead of the 5% as authorized to the present tariff based rate, or \$2.00 per access line per month, not to exceed collection for more than 10 lines per customer. The Communication District shall utilize its revenues for communication enhancements which enable public safety agencies to decrease response times and improve effectiveness and for establishing, maintaining and operating the 911 emergency reporting telephone services. This resolution numbered 2016-07-002 was adopted by the District at its July 21, 2016 board meeting.

The accompanying basic financial statements of the Livingston Parish Communications District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Government Accounting Standards Board (GASB) Statement No. 14, as amended, establishes criteria for determining the reporting entity and component units that should be included within the reporting entity. Under provisions of this statement, the Livingston Parish Communications District is considered a component unit of the Livingston Parish Council. As a component unit, the accompanying financial statements are to be included within the reporting of the primary government, either blended within those financial statements or separately reported as a discrete component unit. Under provisions of this statement, there are no component units of the District.

1. Summary of Significant Accounting Policies

A. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, a primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The District does not have any business-type activities and reports only governmental activities. The District has no component units.

These financial statements are presented in accordance with GASB Statement No. 34, *Basic Financial Statements, Management's Discussion and Analysis, for State and Local Governments*, as amended by GASB Statements described in the following paragraph. Statement No. 34 established standards for financial reporting, with presentation requirements originally including a statement of net assets (or balance sheet), and a statement of activities. The definition and composition of these statements, as originally defined in GASB Statement No. 34, are as amended by GASB Statements included in the

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following paragraphs. The District has also adopted the provisions of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions* that requires capital contributions to the District to be presented as a change in net position.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, effective for financial statement periods ending after December 15, 2012, provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. GASB Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined *Deferred Outflows of Resources* as a consumption of net position by the government that is applicable to a future reporting period, and *Deferred Inflows of Resources* as an acquisition of net position by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. GASB Concepts Statement 4 identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The definition and reporting of net position is further described in *Footnote J – Net Position and Fund Balance*. As required by the GASB, the District implemented GASB Statement No. 63 during the year ending December 31, 2012. The District did not have any deferred outflows or deferred inflows of resources at December 31, 2019.

During the year ended December 31, 2012, the District also adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

The District did not have any deferred outflows or deferred inflows of resources at December 31, 2019.

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

Separate financial statements are provided for governmental funds and proprietary funds. All individual funds are reported in separate columns in the fund financial statement. The District only reports a single fund for the year ending December 31, 2019: a governmental fund: the General Fund.

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both

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measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period if they are measurable and available. Only the portion of special assessment receivable, if any, due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. Substantially all other revenue items are considered to be measurable and available only when cash is received by the government.

The governmental fund uses the following practices in recording revenues and expenditures:

Revenues

Telephone tariffs are recorded in the year the fees are charged. Telephone tariffs are charged monthly to the customer's telephone bill by various telephone companies. The telephone companies remit the collections to the Livingston Parish Communications District in the subsequent month. Interest revenue represents amounts earned on checking accounts and certificates of deposit invested with financial institutions. Interest earned on checking accounts is recorded when received. Interest earned on certificates of deposit is recorded when the certificates mature and the interest is available.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Other Financing Sources (Uses)

Proceeds from the sale of fixed assets are accounted for as other financing sources and are recognized when received. Transfers between funds that are not expected to be repaid (and any other financing source / use) are accounted for as other financing sources (uses).

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The District reports the following major governmental funds:

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

The *Capital Projects Fund* accounts for and reports financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets. For the year ended December 31, 2019, the District reported the following capital project fund (1) Call Center Buildout for the Communication District operations. This project was completed as of December 31, 2017.

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

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

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

When restricted, committed, assigned, or unassigned fund balances are available for use, the District considers amounts to have been spent first out of restricted funds, then committed funds, then assigned funds, and finally unassigned funds as needed, unless it has been provided for otherwise in the restriction, commitment, or assignment action.

C. Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, time deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and the District's investment policy allow the District to invest in collateralized certificates of deposit, government-backed securities, commercial paper, the state-sponsored investment pool, and mutual funds consisting solely of government-backed securities.

In accordance with state law, the District limits its investments to those allowed under R.S. 33:2955. Certificates of deposit are classified as investments if their original maturities exceed 90 days. Investments are reported at fair market value

D. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities are reported in the government-wide financial statements as "internal balances."

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Telephone service fees are recorded in the year the fees are charged. Telephone service fees are charged monthly to the customer's telephone bill by various telephone companies. The telephone companies remit the collections to the District in the subsequent month.

E. Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out method. Inventories of the governmental funds are recorded as expenditures when consumed rather than when purchased. The District did not have any inventory at December 31, 2019. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

F. Restricted Assets

Certain amounts shown as governmental restricted assets are to be used for specified purposes, such as servicing general obligation bond debt, and construction of capital assets. Such assets have been restricted by bond indenture, law, or contractual obligations.

G. Capital Assets

Capital assets, which include property, equipment, and vehicles, are reported in the governmental activities column in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The District maintains a threshold level of \$500 or more for capitalizing capital assets.

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

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

<u>Description</u>	<u>Estimated Lives</u>
Buildings & Improvements	20 - 40 Years
Equipment	5 Years
Vehicles	5 Years

H. Compensated Absences

The District has no employees and no compensated absences liability.

I. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities, statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs, whether or not withheld from the actual debt proceeds received, are now expensed in the period incurred under GASB 65.

The District has implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, and with the implementation of GASB 65, the recognition of bond-related costs, including the costs related to issuance and refunding of debt, were revised. This standard was intended to compliment

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GASB Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Bond issuance costs, whether or not withheld from the actual debt proceeds received, are now expended in the period incurred under GASB 65. The District incurred \$22,700 in bond issuance costs related to the Series 2016 Revenue bond in the year ending December 31, 2016.

In the fund financial statements, governmental fund types recognize bond premiums and discounts as well as bond issuance costs during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

J. Net Position and Fund Balance

GASB Statement No. 34, *Basic Financial Statements, Management's Discussion and Analysis, for State and Local Governments*, required reclassification of net position into three separate components. GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, revised the terminology by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. GASB Statement No. 63 requires the following components of net position:

- **Net Investment in Capital Assets Component of Net Position** - The *net investment in capital assets* component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position. If there are significant unspent related debt proceeds or deferred inflows of resources at the end of the reporting period, the portion of the debt or deferred inflows of resources attributable to the unspent amount should not be included in the calculation of net investment in capital assets. Instead, that portion of the debt or deferred inflows of resources should be included in the same net position component (restricted or unrestricted) as the unspent amount.
- **Restricted Component of Net Position** - The *restricted* component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported.
- **Unrestricted Component of Net Position** - The *unrestricted* component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

In the fund statements, governmental fund equity is classified as fund balance. The District adopted GASB 54 for the year ended December 31, 2011. As such, fund balances of the governmental fund are classified as follows:

- **Nonspendable.** These are amounts that cannot be spent either, because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

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- **Restricted.** These are amounts that can be spent only for specific purposes, because of constitutional provisions, enabling legislation or constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- **Committed.** These are amounts that can be used only for specific purposes determined by a formal decision of the Board, which is the highest level of decision-making authority for the District.
- **Assigned.** These are amounts that do not meet the criteria to be classified as restricted or committed, but are intended to be used for specific purposes based on the discretion of the Board.
- **Unassigned.** These are amounts that have not been assigned to other funds and amounts that have not been restricted, committed, or assigned to specific purposes within the general fund. Also, within other governmental funds, these include expenditure amounts incurred for specific purposes which exceed the amounts restricted, committed or assigned for those purposes.

K. Comparative Data/Reclassifications

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation. All prior period adjustments recorded in the current period have been reflected in prior period data presented wherever possible.

L. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the District, which are either unusual in nature or infrequent in occurrence.

M. 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 amount 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 reported period. Actual results could differ from those estimates.

N. Reconciliations of Government-Wide and Fund Financial Statements

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position is presented in Statement D of the basic financial statements. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities is presented in Statement F of the basic financial statements.

2. Stewardship, Compliance and Accountability

The Communication District prepares its budget on the modified accrual basis of accounting in accordance with generally accepted accounting principles (GAAP). The budget is legally adopted and amended, as necessary by the board of commissioners. The annual budget was amended for the fiscal year 2019. A summary of the budget practices of the Communication District are as follows:

1. The Communication District's finance director prepares the annual budget and submits the proposed budget to the Board of Commissioners no later than fifteen days prior to the

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beginning of each fiscal year. The budgets for the fiscal year 2019, were presented to the Board of Commissioners in December prior to the beginning of the year of which the budget applies.

2. A summary of the proposed budget is published in the official journal and the public notified that the proposed budget is available for public inspection at the Parish President / Council's office in Livingston. At the time the proposed budget is published, a public hearing is called. The proposed budget was published in December, prior to the beginning of the year of which the budget applies.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and taking all action necessary to finalize and implement the budget for the ensuing fiscal year, the proposed budget is formally adopted by the Board of Commissioners.

All expenditure appropriations lapse at year end. Unexpected appropriations and any excess of revenues over expenditures are carried forward to the subsequent year as beginning fund balance.

There were no material variances in actual revenues and other sources under budgeted revenues and other sources or actual expenditures and other sources over budgeted amounts for the year ended December 31, 2019 that would have resulted in a violation of the Local Government Budget Act.

3. Cash and Cash Equivalents

At December 31, 2019, the District has cash and cash equivalents (book balances) as follows:

	December 31, 2019
Demand Deposits	\$ 43,431
Demand Deposits-interest bearing	425,845
Louisiana Asset Management Pool	54,565
Time and Savings	28,672
Total Cash and Cash Equivalents	552,513
Certificates of Deposit held as Investments (See Note 4)	100,000
Total Deposits	\$ 652,513

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Custodial credit risk as it relates to cash deposits is the risk that in the event of a bank failure, the government's deposits may not be returned. At December 31, 2019 the District has \$600,280 in deposits (collected bank balances) other than LAMP, consisting of \$471,608 in demand deposits, \$28,672 in time and savings deposits and \$100,000 in certificates of deposits held as investments (See Note 4). \$556,849 of the demand deposits, time and savings deposits, and certificates of deposits held at one bank are secured from risk by federal deposit insurance of \$250,000 and pledged securities of \$306,849. The \$306,849 is exposed to custodial credit risk because while the amount is secured by pledged securities,

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such securities are held by the custodial bank in the name of the fiscal agent bank (GASB Category 3). The demand deposits held at bank two are secured from risk by federal deposit insurance of \$250,000.

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the District that the fiscal agent has failed to pay deposited funds upon demand.

Custodial Credit Risk: Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District does not have a formal policy for custodial risk. However, under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank.

Also included within the definition of cash and cash equivalents are LAMP investments of \$54,565, since funds within LAMP are redeemable by the District as needed.

In accordance with GASB Codification Section I50.165, the investment in LAMP at December 31, 2019, is not categorized in the three risk categories provided by GASB Codification Section I50.164 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form. The investment in LAMP is stated at the value of the pool shares, which is the same as the fair value.

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 LSA-R.S. 33:2955.

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, invests in a manner consistent with GASB Statement No. 79. The following facts are relevant for investment pools:

1. Credit risk: LAMP is rated AAAM by Standards and Poor's.
2. 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.
3. Concentration of credit risk: Pooled investments are excluded from the five percent disclosure requirement.
4. 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 46 days as of December 31, 2019.
5. Foreign currency risk: Not applicable.

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The investments in LAMP are stated at fair value. 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.

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.

If you have any questions, please feel free to contact the LAMP administrative office at (800) 249-5267.

4. Investments

Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the District or its agent in the District's name
2. Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the District's name
3. Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the District's name

At December 31, 2019, the District's investment balances were as follows:

	Carrying Amount	Fair Market Value
Certificates of Deposit with original maturities greater than 90 days	\$ 100,000	\$ 100,000
	\$ 100,000	\$ 100,000

In accordance with GASB 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, all investments are carried at fair market value, with the estimated fair market value based on quoted market prices.

Interest Rate Risk: The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value arising from increasing interest rates.

5. Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts are based upon historical trends and the period aging and write-off of accounts receivable. Non-exchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded only if paid within 60 days since they would be considered both measurable and available. All receivables as of December 31, 2019 are current.

Included within the total of \$433,299 for the Communications District is a class of receivables for telephone tariffs due at December 31, 2019 in the amount of \$433,299. These receivables have been stated net of a one percent collection charge from the telephone companies for acting as an agent for the District in collecting the telephone tariffs from the end users.

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As of and for the Year Ended December 31, 2019

6. Interfund Receivables/Payables

The following is a detailed list of inter-fund balances reported in the fund financial statements on December 31, 2019:

	Due From Other Funds	Due To Other Funds
Interfund Balances		
General Fund		
Capital Projects Fund	\$ 43,431	\$ -
Capital Projects Fund		
General Fund	-	43,431
Total Interfund Balances	\$ 43,431	\$ 43,431

The balance due between funds represents construction costs paid by the general fund and due from the capital projects fund at December 31, 2019.

7. Restricted Assets

Restricted assets at December 31, 2019 were as follows:

	Capital Projects Fund
Restricted Cash and Cash Equivalents	
Construction Account	\$ 43,431
Total Restricted Assets	\$ 43,431

Livingston Parish Communications District
Notes to the Financial Statements
As of and for the Year Ended December 31, 2019

8. Capital Assets

Capital assets and depreciation activity as of and for the year ended December 31, 2019 for governmental activities is as follows:

Governmental Activities Capital Assets:	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets Not Being Depreciated:				
Land	\$ 124,597	\$ -	\$ (124,597)	\$ -
Total Capital Assets Not Being Depreciated	<u>124,597</u>	<u>-</u>	<u>(124,597)</u>	<u>-</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	1,738,465	-	(764,179)	974,286
Equipment	2,420,667	71,345	-	2,492,012
Total Capital Assets Being Depreciated	<u>4,159,132</u>	<u>71,345</u>	<u>(764,179)</u>	<u>3,466,298</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	460,038	112,580	(322,787)	249,831
Equipment	1,359,225	354,164	-	1,713,389
Total Accumulated Depreciation	<u>1,819,263</u>	<u>466,744</u>	<u>(322,787)</u>	<u>1,963,220</u>
Total Capital Assets Being Depreciated, Net	<u>2,339,869</u>	<u>(395,399)</u>	<u>(441,392)</u>	<u>1,503,078</u>
Total Governmental Activities Capital Assets, Net	\$ <u>2,464,466</u>	\$ <u>(395,399)</u>	\$ <u>(565,989)</u>	\$ <u>1,503,078</u>
Depreciation was charged to governmental functions as follows:				
Public Safety - Emergency Communications			\$ 466,744	
			<u>\$ 466,744</u>	

Capital assets additions during the year ended December 31, 2019 were \$71,345 for computer and equipment upgrades. The District also sold land and building appraised for \$85,000 to Livingston Parish Sheriff's Office. The property sold formerly housed the District's communications operations and the radio and dispatch communications for the Livingston Parish Sheriff and was destroyed by the flood event of August 2016. Since then, the District moved and relocated to the Livingston Parish Courthouse. The Livingston Parish Sheriff owns and uses the adjoining three acre tract of land for helicopter operations. The land sold had an original cost of \$124,597. The building and all improvements sold had a cost of \$764,179 and had accumulated depreciation at the date of sale of \$322,787. Depreciation expense was \$466,744.

9. Interfund Transfers

Interfund Transfers	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund		
Capital Projects Fund	\$ -	\$ -
Capital Projects Fund		
General Fund	<u>-</u>	<u>-</u>
Total Interfund Transfers	\$ <u>-</u>	\$ <u>-</u>

There were no interfund transfers for 2019.

Livingston Parish Communications District
Notes to the Financial Statements
As of and for the Year Ended December 31, 2019

10. Accounts and Other Payables

The Governmental Funds payable at December 31, 2019 are as follows:

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
Governmental Funds Payable			
Accounts Payable	\$ 347,643	\$ -	\$ 347,643
Other Accrued Liabilities	7	-	7
Total Governmental Funds Payable	\$ 347,650	\$ -	\$ 347,650

11. Long-Term Obligations

The following is a summary of long-term obligation transactions for the year ended December 31, 2019:

	<u>Governmental Activities</u>	<u>Total Long-Term Obligations</u>
	<u>Revenue Bonds</u>	<u>Revenue Bonds</u>
Beginning Balance	\$ 1,275,000	\$ 1,275,000
Additions	-	-
Deletions	115,000	115,000
Ending Balance	\$ 1,160,000	\$ 1,160,000

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of the long-term obligations:

	<u>Governmental Activities</u>	<u>Total Long-Term Obligations</u>
	<u>Revenue Bonds</u>	<u>Revenue Bonds</u>
Current Portion	\$ 120,000	\$ 120,000
Long-Term Portion	1,040,000	1,040,000
	\$ 1,160,000	\$ 1,160,000

Long-term debt as of December 31, 2019 is as follows:

	<u>Bonds Payable End of Year</u>	<u>Due Within One Year</u>
Revenue Bonds, Series 2016 \$1,500,000 Dated 3/18/2016		
Interest at 2.20% semi-annual installments of interest and maturing		
in amounts ranging from \$115,000 in 2019 to \$140,000 through 3/1/2028	\$ 1,160,000	\$ 120,000
	\$ 1,160,000	\$ 120,000

Livingston Parish Communications District
Notes to the Financial Statements
As of and for the Year Ended December 31, 2019

The annual requirements to amortize all debt outstanding at December 31, 2019, are presented below.

Year Ending 12/31/19	Series 2016 Revenue Bonds \$1,500,000		
	Principal	Interest	Total
2020	\$ 120,000	\$ 24,200	\$ 144,200
2021	120,000	21,560	141,560
2022	125,000	18,865	143,865
2023	125,000	16,115	141,115
2024	130,000	13,310	143,310
2025 to 2028	540,000	24,090	564,090
	<u>\$ 1,160,000</u>	<u>\$ 118,140</u>	<u>\$ 1,278,140</u>

12. Flow of Funds, Restrictions on Use – Revenue Bonds

During 2016, the District issued \$1,500,000 in Revenue Bonds, Series 2016 for the renovation of a portion of the Livingston Parish Courthouse to provide offices for the Livingston Parish Communications District including all necessary furnishings and equipment and to pay the costs incurred in connection with the issuance of the bonds. The bonds shall be special obligations of the District payable solely from and secured by an irrevocable pledge and dedication of all available revenues of the District (pledged revenues), all in accordance with and pursuant to the provision of Section 1430 of Title 39 of the Louisiana Revised Statutes of 1950, as amended. The bonds shall be in fully registered form, shall be dated the date of delivery thereof and shall be issued in the form of fully registered bonds in the denomination of \$5,000 or any integral multiple thereof, numbered R-1 upwards. The unpaid principal of the bonds shall bear interest from the date thereof or from the most recent interest payment date to which interest has been paid, said interest being payable semiannually on March 1 and September 1 of each year, commencing September 1, 2016, at the rate of 2.20% per annum. The principal on the bond shall mature in annual installments on March 1 of each year.

The proceeds from the sale of the bonds, namely \$1,500,000 shall be deposited into a special fund to be known as Livingston Parish Communications District Revenue Bonds, Series 2016, Construction Fund. Said Construction Fund to be hereby created and established by and maintained with First Guaranty Bank, Hammond, Louisiana.

Installments of principal of the bonds maturing on and after March 1, 2018 are subject to optional prepayment prior to maturity, at the option of the Issuer, in whole or in part on any date on and after September 1, 2017, from monies made available for such redemption, at a redemption price of 100% of the principal amount thereof, plus accrued interest thereon payable upon redemption, without premium or penalty.

Revenues of the District for the year ending December 31, 2019 were \$1,995,376, while interest payments were \$26,785. There were bond principal payments of \$115,000 made during the fiscal year ended December 31, 2019.

13. Fund Balances

At December 31, 2019, the General Fund has a committed fund balance of \$500,000 for the replacement of facility and equipment by the Board, the highest decision making body of the Livingston Parish Communications District. The General Fund also has a nonspendable fund balance of \$29,706 created from prepaid expenses. The remaining \$289,531 of the fund balance was unassigned.

Livingston Parish Communications District
Notes to the Financial Statements
As of and for the Year Ended December 31, 2019

At December 31, 2019, the Capital Projects Fund did not have a fund balance as of December 31, 2019 due to completion of the renovation project in 2017. The liabilities as of December 31, 2019 consists of \$43,431 due to the District's general fund for construction costs paid by the general fund.

14. Commitments

There were no commitments as of December 31, 2019.

15. Intergovernmental Agreement

On July 1, 2012, the District contracted with the Livingston Parish Sheriff's Office (LPSO) for dispatching services for a two-year period ending June 30, 2014. On June 9, 2014, this agreement was renewed for another year ending on June 30, 2015. This agreement was again renewed June 19, 2018 retroactively to July 1, 2015 with a term ending June 30, 2019. On October 8, 2019 the District renewed the contract with LPSO until June 30, 2021. The agreement stated that it shall automatically renew for an additional two year period ending June, 2023 as long as there is no objection between Livingston Parish Communication District 911 and Jason Ard, Sheriff of Livingston Parish. In the renewed agreement, the Sheriff agreed to continue to provide call service operators for the District under the same terms, conditions, and obligations. The District agreed to pay to the Sheriff a percentage of the revenues for this service. The Communication District no longer has employees as a result of the intergovernmental agreement. LPSO assumed all staffing responsibilities. The Livingston Parish Sheriff and the District have contractually agreed that the District will pay 70% of the annual phone tariff revenue to LPSO for dispatching services, to be remitted quarterly.

16. Risk Management

The District is exposed to various risks of loss related to theft, damage, or destruction of assets, torts, injuries, natural disasters, and many other unforeseeable events. The District purchases commercial insurance policies and bonds for any and all claims related to the aforementioned risks. The District's payment of the insurance policy deductible is the only liability associated with these policies and bonds. There has been no significant decrease in insurance coverage from the prior year, and the amount of settlements has not exceeded the insurance coverage for the past three fiscal years.

17. Contingent Liabilities

At December 31, 2019, the District was not involved in any outstanding litigation or claims.

18. Subsequent Events

Subsequent events have been evaluated by management through September 25, 2020, the date the financial statements were available to be issued. In March, 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that may have significant negative impact on the operating activities and the results of the District. The occurrence and extent of such impact will depend on future development including (i) the duration and the spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the overall economy, all of which are uncertain. No other events were noted that require recording or disclosure in the financial statements for the fiscal year ending December 31, 2019.

Required Supplementary Information (Part II)

Livingston Parish Communications District
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP Basis) and Actual
General Fund
For the year ended December 31, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>GAAP Basis</u>	<u>Favorable (Unfavorable)</u>
Revenues				
Charges, net				
Emergency telephone charges	\$ 1,400,000	\$ 1,594,000	\$ 1,610,394	\$ 16,394
Prepaid Phone Fees	300,000	315,000	314,399	(601)
Collector Fees	(20,000)	(20,000)	(16,849)	3,151
Intergovernmental	-	-	-	-
Interest Income	1,000	1,000	2,432	1,432
Total Revenues	<u>1,681,000</u>	<u>1,890,000</u>	<u>1,910,376</u>	<u>20,376</u>
Expenditures				
Public Safety - Emergency Communications				
Board Per Diem and Payroll Taxes	5,000	3,000	2,588	412
Communications and Utilities	103,000	110,000	107,096	2,904
Service Contracts	1,000,000	1,385,000	1,335,676	49,324
Insurance	-	-	27,880	(27,880)
Other operating	-	-	27,703	(27,703)
Professional Fees	103,500	80,000	79,500	500
Repairs and Maintenance	-	-	68,991	(68,991)
Supplies	103,500	67,500	6,477	61,023
Travel and Training	-	-	-	-
Capital Outlays	319,500	135,000	71,345	63,655
Debt Service				
Principal	-	139,500	115,000	24,500
Interest	-	-	26,785	(26,785)
Total Expenditures	<u>1,634,500</u>	<u>1,920,000</u>	<u>1,869,041</u>	<u>50,959</u>
Excess Revenues (Expenditures)	<u>46,500</u>	<u>(30,000)</u>	<u>41,335</u>	<u>71,335</u>
Other Financing Sources (Uses)				
Operating Transfers In	-	-	-	-
Operating Transfers (Out)	-	-	-	-
Proceeds from Sale of Capital Assets	-	85,000	85,000	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>85,000</u>	<u>85,000</u>	<u>-</u>
Net Change in Fund Balances	<u>46,500</u>	<u>55,000</u>	<u>126,335</u>	<u>71,335</u>
Fund Balances, Beginning				
Beginning Fund Balance	692,902	692,902	692,902	-
Fund Balances, Ending	<u>\$ 739,402</u>	<u>\$ 747,902</u>	<u>\$ 819,237</u>	<u>\$ 71,335</u>

See independent auditor's report.

Other Supplementary Information

Schedule 2

**Livingston Parish Communications District
Schedule of Compensation Paid to Board of Commissioners
For the year ended December 31, 2019**

<u>Name</u>	<u>Compensation Received</u>
Jason Ard	\$ 400
Fred Banks	450
Kelly Jennings	200
Donald Dedon	50
Russell Hutchinson	350
Melvin Wheat	350
Joey Sibley	300
Melvin Wild	50
James Wascom	250
	<u>\$ 2,400</u>

See Independent Auditor's Report.

Schedule 3

**Livingston Parish Communications District
Schedule of Compensation, Benefits, and Other Payments to Agency Head
For the year ended December 31, 2019**

Agency Head Name: Jason Ard, Chairman

<u>Purpose</u>	<u>Amount</u>
Board Per Diem	\$ 400
Employer Paid Payroll Taxes	31
	<u>\$ 431</u>

See Independent Auditor's Report.

Livingston Parish Communications District
Supplementary Information in Accordance with LA R.S. 33:9109E
For the Year Ending December 31, 2019
(Unaudited)

Louisiana Revised Statutes 33:9101 through 9131 authorize the governing authority of a communications district to levy an emergency telephone charge on certain wireless communications systems to pay the costs of implementing Federal Communications Commission (FCC) ordered enhancements to emergency telephone systems.

The following schedule lists the total revenues derived from the wireless E911 service charges and the expenditures for equipment for each year

Revenues	
Wireless E911 Fees	\$1,593,545
Expenditures	
Equipment Purchases	\$71,345

As of December 31, 2019, the Livingston Parish Communications District was in Phase 2 of the Federal Communications Commission's three phase plan for local emergency telephone service providers. The FCC's program objectives for emergency telephone service providers call for upgrading services to better serve users of those systems. When implementation of the FCC program is complete, an emergency telephone system would be able to give the dispatcher the telephone number of the caller, address of the caller and geographic location of the caller. At Phase 0, the system provides the caller's telephone number. At Phase 1, the system provides the caller's telephone number and address registered to that telephone number. At Phase 2, the system provides the caller's telephone number, address registered to that number and the present geographic location of the caller.

At December 31, 2019, Cingular, Alltel, Verizon, T-Mobile, Nextel, Sprint PCS and Centennial Wireless were all Phase 2 compliant. The District is not currently pursuing Phase 3 deployment.

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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
Livingston Parish Communications District
Livingston Parish Council
Livingston, 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 governmental activities, each major fund, and the aggregate remaining fund information of the Livingston Parish Communications District, a component unit of the Livingston Parish Council, 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 September 25, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Livingston Parish Communications 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 opinion on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the Livingston Parish Communications District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Livingston Parish Communications 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 misstatements on a timely basis. *A material weakness* is a deficiency or 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 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 the 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 are not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of finding and responses that we consider to be significant deficiencies. (Finding 2019-II)

BRUCE HARRELL & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS
A Professional Accounting Corporation

To the Board of Commissioners
Livingston Parish Communications District
Livingston Parish Council
Livingston, Louisiana
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Livingston Parish Communications District financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under *Government Auditing Standards*.

Livingston Parish Communications District's Response to Findings

Livingston Parish Communications District's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. Livingston Parish Communications 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 controls and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Bruce Harrell & Company, CPAs
A Professional Accounting Corporation

Kentwood, Louisiana
September 25, 2020

**Livingston Parish Communications District
Schedule of Findings and Responses
For the Year Ending December 31, 2019**

Section I Summary of Auditor's Results

Financial Statements

a. Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:
 Unmodified Qualified
 Disclaimer Adverse

b. *Report on Internal Control and Compliance Material to the Financial Statements*

Internal Control:

Material Weaknesses Yes No Significant Deficiencies Yes No

Compliance:

Noncompliance Material to Financial Statements Yes No

Federal Awards - NA

Internal Control over major federal Programs:

Material Weaknesses Yes No Significant Deficiencies Yes No

Type of auditor's report issued on compliance for major federal programs:

Unmodified Qualified
 Disclaimer Adverse

Are there findings required to be reported in accordance with 2 CFR 200.516(a) Yes No

Was a management letter issued? Yes No

Identification of Major Programs:

CFDA Number (s)	Name of Federal Program (or Cluster)

Dollar threshold used to distinguish between Type A and Type B Programs: \$ _____

Is the auditee a 'low-risk' auditee, as defined by Uniform Guidance? Yes No

**Livingston Parish Communications District
Schedule of Findings and Responses
For the Year Ending December 31, 2019**

Section II Financial Statement Findings

Finding Number: 2019-II Lack of Proper Segregation of Duties (Significant Deficiency)

Criteria: Proper segregation of incompatible duties requires that there be different individuals responsible for authorizing transactions, recording transactions and maintaining custody of related assets.

Condition: Duties throughout the financial reporting process, which are considered incompatible, are being performed by the District's outside accountant. Specifically included, but not limited to:

- Individual that prepares and makes deposits also opens mail, records transactions into the GL and reconciles bank accounts.
- Individual who prepares disbursement checks and disburses funds also opens mail, records transactions into the general ledger and reconciles bank accounts.
- Bank reconciliations are reviewed and signed off by board members at every board meeting.
- Vendors are added by the individual responsible for processing payments.

Compensating controls include, but are not limited to: monthly financial statements and other financial information review by Board; review and approval of check register and electronic payments by Board as part of monthly financial review; dual signatures on checks and review of invoices by Board; and Board involvement in the budget process.

Cause: Due to the size and nature of the District and intergovernmental agreement to use LPSO employees in return for a percentage of the District's tariff revenue, the District therefore does not have employees and as such, some incompatible duties are not adequately segregated.

Effect: Inadequate segregation of duties exposes the District to several risks, including, but not limited to misappropriation of assets and inaccurate or fraudulent financial reporting.

Recommendation: Management should remain vigilant in identifying compensating controls and ensuring that those implemented are operating effectively. We also recommend separation of the responsibility of opening mail and preparing and making deposits from the individual responsible for the General Ledger and the individual reconciling the bank accounts.

Management's Response: Compensating controls will be further reviewed and implemented where possible. The District is insufficiently staffed to maintain proper segregation of duties due to the size of the District and the cost outweighs the benefits of maintaining the appropriate level of staffing to achieve proper segregation of duties. However, the District continues to look for ways to reduce its risk as efficiently as it can while weighing the cost to risk benefit. The District will implement auditor recommendations as possible.

Section III Federal Award Findings and Questioned Costs

None

**Livingston Parish Communications District
Schedule of Prior Year Audit Findings and Responses
For the Year Ended December 31, 2019**

Section I Internal Control and Compliance Material to the Financial Statements

Finding Number: 2018-I1 Lack of Proper Segregation of Duties (Significant Deficiency)

Criteria: Proper segregation of incompatible duties requires that there be different individuals responsible for authorizing transactions, recording transactions and maintaining custody of related assets.

Condition: Duties throughout the financial reporting process, which are considered incompatible, are being performed by the District's outside accountant. Specifically included, but not limited to:

- Individual that prepares and makes deposits also opens mail, records transactions into the GL and reconciles bank accounts.
- Individual who prepares disbursement checks and disburses funds also opens mail, records transactions into the general ledger and reconciles bank accounts.
- No evidence of review of bank reconciliations by someone other than the individual preparing the reconciliation. Bank reconciliations are provided to Board at meetings.
- Vendors are added by the individual responsible for processing payments.

Compensating controls include, but are not limited to: monthly financial statements and other financial information review by Board; review and approval of check register and electronic payments by Board as part of monthly financial review; dual signatures on checks and review of invoices by Board; and Board involvement in the budget process.

Cause: Due to the size and nature of the District and intergovernmental agreement to use LPSO employees in return for a percentage of the District's tariff revenue, the District therefore does not have employees and as such, some incompatible duties are not adequately segregated.

Effect: Inadequate segregation of duties exposes the District to several risks, including, but not limited to misappropriation of assets and inaccurate or fraudulent financial reporting.

Recommendation: Management should remain vigilant in identifying compensating controls and ensuring that those implemented are operating effectively. Specifically, we recommend a review of detailed bank reconciliations and bank statements by an individual separate from the individual who prepares the reconciliations. We also recommend separation of the responsibility of opening mail and preparing and making deposits from the individual responsible for the General Ledger and the individual reconciling the bank accounts.

Management's Response: Compensating controls will be further reviewed and implemented where possible. The District will implement auditor recommendations as possible.

Current Year Status: Lack of segregation of duties is a continuing issue with smaller entities. The District continues to look for opportunities to implement compensating controls. This finding has been reassessed and is again reported as a significant deficiency in the current year as 2019-I1.

Section II Internal Control and Compliance Material to Federal Awards

No Section II Findings.

Section III Management Letter

No Section III Findings.

This schedule was prepared by management.

Livingston Parish Communications District

Statewide Agreed-Upon Procedures

As of and for the Year Then Ended December 31, 2019



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Independent Accountant's Report on Applying Agreed-Upon Procedures

To Members of the Board of Commissioners
Livingston Parish Communications District
Livingston, Louisiana

We have performed the procedures enumerated below, which were agreed to by the Livingston Parish Communications District (Entity) and the Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2019 through December 31, 2019. The Entity's management is responsible for those C/C areas identified in the SAUP's.

This agreed-upon procedures engagement was performed 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:

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.

Written policies and procedures were obtained and address the functions noted.

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

Written policies and procedures were obtained and address the functions noted.

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

Written policies and procedures were obtained and address the functions noted.

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

Written policies and procedures were obtained and address the functions noted.

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

The District does not have employees. Board Member per diem only.

- 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.

Written policies and procedures were obtained and address the functions noted.

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

Written policies and procedures were obtained and address the functions noted.

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

The District does not have a travel and expense reimbursement policy. The District has no employees.

- 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.

Written policies and procedures were obtained and address the functions noted.

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

Written policies and procedures were obtained and address the functions noted.

- 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.

As of the report date, written policies and procedures were obtained and address the functions noted.

Bank Reconciliations

2. 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);

Obtained bank statements and reconciliations for the selected month noting evidence that the reconciliation was prepared within two months of the related statement closing date. No exception.

- 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

Obtained bank statements and reconciliations for the selected month noting evidence of review by a Board Member who does not handle cash, post ledgers, or issue checks. Bank reconciliations are made available during the board meetings. No exception.

- 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.

Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date as of the date of this report. No exception.

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 C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures; other matters might have come to our attention that would have been reported to you.

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



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Kentwood, Louisiana

September 25, 2020