ST. TAMMANY PARISH COMMUNICATIONS DISTRICT NO. 1 AUDITED FINANCIAL STATEMENTS

For The Year Ended December 31, 2020

ST. TAMMANY PARISH COMMUNICATIONS DISTRICT NO. 1

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December 31, 2020

INDEPENDENT AUDITORS' REPORT

The Board of Commissioners of the
St. Tammany Parish Communications District No.1

We have audited the accompanying financial statements of the St. Tammany Parish Communications District No.1 (the District) as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements 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.

Auditors' Responsibility

Our responsibility is to express an opinion 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.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of December 31, 2020, and the changes in its financial position and its cash flows 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 required supplementary information on pages 4 through 7 and pages 28 through 29 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying Schedule of Compensation, Benefits, and Other Payments to Agency Head is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule referred to in the preceding paragraph is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 11, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Kushner LaGraize, L.L.C.

Metairie, Louisiana
May 11, 2021

ST. TAMMANY PARISH COMMUNICATIONS DISTRICT NO. 1

Management's Discussion and Analysis
As of and for the Year Ended December 31, 2020

The management's discussion and analysis of the St. Tammany Parish Communications District No. I's (the "District") financial performance provides an overview of the financial activities as of and for the year ended December 31, 2020. It should be read in conjunction with the basic financial statements and the accompanying notes to the financial statements.

FINANCIAL HIGHLIGHTS

- The District's assets and deferred outflows exceeded its liabilities and deferred inflows at December 31, 2020, by $10,223,860. The District's net position increased by $868,375 or 9.28% from the prior year.

- The District's operating revenues increased by $40,524 or 0.87%, while operating expenses decreased by $609,500 or 14.0% for the year ended December 31, 2020. The increase in operating revenues was due to an increase in revenue from fees charged for services. The decrease in operating expenses was due to a one-time payment for $600,000 for an equipment lease in prior year. All other operating costs were consistent with prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This financial report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and the notes to the financial statements.

The financial statements provide both long-term and short-term information about the District's overall financial status. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

The District's financial statements are prepared on an accrual basis in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. Under this basis of accounting, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred, and depreciation of assets is recognized in the Statement of Revenues, Expenses and Changes in Net Position. All assets and liabilities associated with the operations of the District are included in the Statement of Net Position.

The Statement of Net Position report the District's net position, which is the difference between its assets and liabilities. Net Position is one way to measure the District's financial health or position.

FINANCIAL ANALYSIS OF THE DISTRICT

The following is a summary of the statements of net position:

Statements of Net Position
As of December 31, 2020 and 2019

	2020	2019	Change
Current assets	$ 5,882,084	$ 5,011,485	$ 870,599
Capital assets – net	9,561,500	9,815,771	(254,271)
Other assets	294,500	289,500	5,000
Total Assets	15,738,084	15,116,756	621,328
Deferred outflows of resources	95,730	199,799	(104,069)
Total Assets and Deferred Outflows of Resources	$ 15,833,814	$ 15,316,555	$ 517,259
Current liabilities	$ 300,147	$ 277,926	$ 22,221
Non-current liabilities	5,182,717	5,668,294	(485,577)
Total Liabilities	5,482,864	5,946,220	(463,356)
Deferred inflows of resources	127,090	14,850	112,240
Net Position:			
Net investment in capital assets	4,106,500	4,090,771	15,729
Unrestricted	6,117,360	5,264,714	852,646
Total Net Position	10,223,860	9,355,485	868,375
Total Liabilities, Deferred Inflows and Net Position	$ 15,833,814	$ 15,316,555	$ 517,259

Current assets increased by $870,599 from the prior year. The increase in current assets was primarily a result of an increase in cash due to a decrease in costs related to the completion of the new facility and personnel related costs combined with an increase in revenues from fees charged for service.

Capital assets decreased by $254,271 from the prior year. The decrease in capital assets was primarily attributable to depreciation expense for the current year which was offset by capital additions.

Long-term liabilities decreased by $485,577 from the prior year. The decrease in long-term liabilities was attributable to the bond principal payment made in the current year combined with a decrease in net pension liability.

The District's net position increased $868,375 from the prior year. The increase in the net position was primarily attributable to a decrease in operating expenses as previously noted, and there was no loss on the sale of fixed assets (approximately $360,000) in current year as compared to prior year.

Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended December 31, 2020 and 2019

	2020	2019	Change
Operating Revenues:			
Fees charged for services	$ 4,685,176	$ 4,642,037	$ 43,139
Miscellaneous revenue	10,170	9,863	307
Contributions	750	3,672	(2,922)
Total Operating Revenues	4,696,096	4,655,572	40,524
Operating Expenses:			
Public safety	3,744,948	4,354,448	(609,500)
Total Operating Expenses	3,744,948	4,354,448	(609,500)
Non-Operating Revenues (Expenses):			
Loss on disposal of assets	-	(360,235)	360,235
Interest income	64,512	79,555	(15,043)
Interest on long-term debt	(147,285)	(154,575)	7,290
Total Non-Operating Revenues (Expenses)	(82,773)	(435,255)	352,482
Change in net position	868,375	(134,131)	1,002,506
Total Net Position, Beginning of Year	9,355,485	9,489,616	(134,131)
Total Net Position, End of Year	$ 10,223,860	$ 9,355,485	$ 868,375

The District's net position increased by $868,375 or 9.28% from the previous year. See explanation above.

CAPITAL ASSETS

The capital assets of the District consist of land, buildings and improvements, furniture and fixtures, 911 equipment, vehicles, and construction in progress for a new facility. At December 31, 2020, the District had investments in capital assets (net of accumulated depreciation) totaling $9,561,500, which was a decrease of $254,271 from the prior year. The decrease was primarily due to current year depreciation expense which was offset by additions to capital assets.

LONG-TERM LIABILITIES

As of December 31, 2020, the District has $5,182,717 in long-term liabilities, a decrease of $485,577 from the prior year. The decrease is attributable to payments on the certificates of indebtedness during the current year of $270,000 combined with a decrease in the District's proportionate share of the net pension liability related to its participation in the Parochial Employees' Retirement System of $210,577 in the current year.

CONTACTING THE DISTRICT

The financial report is designed to provide a general overview of the District's finances and to show accountability for the financial resources received. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Rodney Hart, Executive Director, 28911 Krentel Rd, Lacombe, LA 70445.

ST. TAMMANY PARISH COMMUNICATIONS DISTRICT NO. I

STATEMENT OF NET POSITION

December 31, 2020

ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	$ 5,156,148
Prepaid assets	41,282
Receivables	684,654
TOTAL CURRENT ASSETS	5,882,084
NONCURRENT ASSETS	
Capital assets - net	9,561,500
Intangible asset	19,500
Other assets	275,000
TOTAL NONCURRENT ASSETS	9,856,000
TOTAL ASSETS	15,738,084
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to pension	95,730
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 15,833,814
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	$ 17,934
Payroll liabilities	7,213
Certificates of indebtedness – current	275,000
TOTAL CURRENT LIABILITIES	300,147
NONCURRENT LIABILITIES	
Certificates of indebtedness payable	5,180,000
Net pension payable	2,717
TOTAL NONCURRENT LIABILITIES	5,182,717
TOTAL LIABILITIES	5,482,864
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to pension	127,090
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	5,609,954
NET POSITION	
Net investment in capital assets	4,106,500
Unrestricted	6,117,360
TOTAL NET POSITION	10,223,860
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	$ 15,833,814

ST. TAMMANY PARISH COMMUNICATIONS DISTRICT NO. 1

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
Year Ended December 31, 2020

OPERATING REVENUES	
Fees charged for services	$ 4,685,176
Miscellaneous revenue	10,170
Contributions	750
TOTAL OPERATING REVENUES	4,696,096
OPERATING EXPENSES	
Public safety	3,359,771
Depreciation	385,177
TOTAL OPERATING EXPENSES	3,744,948
OPERATING INCOME	951,148
NON-OPERATING REVENUES (EXPENSES)	
Interest income	64,512
Interest on long-term debt	(147,285)
TOTAL NON-OPERATING REVENUES (EXPENSES)	(82,773)
CHANGES IN NET POSITION	868,375
NET POSITION	
TOTAL NET POSITION - BEGINNING OF YEAR	9,355,485
TOTAL NET POSITION - END OF YEAR	$ 10,223,860

ST. TAMMNAY PARISH COMMUNICATIONS DISTRICT NO. I

STATEMENT OF CASH FLOWS

Year Ended December 31, 2020

	2020
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received for services	$ 4,797,895
Cash paid for goods and services	(2,643,178)
Payments to employees and related benefits	(739,922)
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,414,795
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Payments on certificates of indebtedness	(270,000)
Interest paid	(147,285)
Purchase of capital assets	(130,906)
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	(548,191)
NET CASH FLOW FROM INVESTING ACTIVITIES	
Interest received	64,512
NET CASH PROVIDED BY INVESTING ACTIVITIES	64,512
NET INCREASE IN CASH AND CASH EQUIVALENTS	931,116
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	4,225,032
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 5,156,148
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	$ 951,148
Adjustments to reconcile income from operations to net cash provided by operating activities:	
Depreciation	385,177
Changes in assets, deferred outflows, liabilities, and deferred inflows:	
Accounts receivable	101,799
Prepaid expenses	(41,282)
Other assets	(5,000)
Deferred outflows of resources	104,069
Accounts payable	17,164
Payroll liabilities	57
Pension liability	(210,577)
Deferred inflows of resources	112,240
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 1,414,795

The Accompanying Notes Are An Integral Part of These Financial Statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The mission of St. Tammany Parish Communications District No. 1 (the District) is to shorten the time required for a citizen to request and receive emergency aid. The District is mandated to take whatever actions are necessary to accomplish this task. The accounting and reporting policies of the District conform to accounting principles generally accepted in the United States of America applicable to governmental entities. The following is a summary of significant accounting policies:

Reporting Entity

The District was created in 1986 by Ordinance 687 of the St. Tammany Parish Council. The District is governed by a Board of Commissioners, who are appointed by the St. Tammany Parish Council. The Board is composed of seven members. Board Members are nominated for selection by the St. Tammany Parish Council as follows: one member nominated by the Parish Council, one member nominated by the St. Tammany Parish Sheriff's Office, one member nominated by the parish hospitals, two members nominated by the municipal law enforcement agencies, and two members nominated by the fire protection districts. A chairman is elected by the Board Members for a period of one year.

The District is not considered a component unit of the St. Tammany Parish Council. The parish appoints a majority of the Board Members but does not have the ability to impose its will on the District. Based on the criteria set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, the District has no component units.

Basis of Presentation

The accompanying basic financial statements of the St. Tammany Parish Communications District No. 1 have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis - for State and Local Governments*.

The District's operations are accounted for in a proprietary fund type - the enterprise fund. The proprietary fund type is accounted for using the flow of economic resources measurement focus. With this measurement focus all assets and liabilities associated with the operations are included on the statement of net position. Fund equity is segregated into contributed capital and net position. The operating statement presents increases (revenues) and decreases (expenses) in total net position.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

The District's operations are financed and operated in a manner similar to private business enterprises. The intent of the governing body is that the costs (expenses, including depreciation) of providing services on a continuing basis be financed or recovered primarily through user charges. The measurement focus emphasizes the determination of operating income. The District follows the accrual basis of accounting for its proprietary fund. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Pursuant to LRS 33:9106 and Act 1029 of the 1999 Regular Session of the Louisiana Legislature, the District is authorized to collect the following service charges per subscriber per device per month within the District:

Residential	$1.00
Voice Over IP	$1.25
Commercial	$2.00
Wireless	$1.25

Pursuant to LRS 33:9109.1, the District also collects a fee of 4% on prepaid wireless retail transactions.

Service charges are collected by the District on a monthly basis and are considered measurable at the month of collection. Accordingly, service charges incurred in December 2020 and remitted in 2021 have been reported as a receivable.

Cash and Cash Equivalents

Cash includes amounts in interest-bearing demand deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. Cash and cash equivalents that are required to be used for a specific purpose by creditors are classified as restricted.

Under state law, the District may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Accounts Receivable

Accounts receivable at December 31, 2020, consist of service charges due from telephone companies. These receivables are considered to be fully collectible.

Capital Assets

All capital assets of the District are recorded at historical cost and are reported in the Statement of Net Position. Depreciation of all exhaustible capital assets is charged as an expense against their operations.

The cost of normal maintenance and repairs that do not add value to the asset or materially extend its useful life are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable. The District capitalizes equipment and furniture in excess of $1,000.

The following estimated useful lives and methods are used to compute depreciation:

Buildings	30 years	Straight-Line
Leasehold improvements	15 years	Straight-Line
Furniture, fixtures, and equipment	5 – 7 years	Straight-Line
Computers	3 – 7 years	Straight-Line
Vehicles	5 years	Straight-Line

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources that represents a consumption of net position that applies to future period(s) and will not be recognized as an outflow of resources (expense) until then. The District has one item that qualifies for reporting in this category which is deferred amounts related to pensions.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources that represents an acquisition of net position that applies to future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category which is deferred amounts related to pensions.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Long-Term Obligations

In proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities of fund net position. Certificates of Indebtedness premiums and discounts are deferred and amortized over the life of the certificates using the straight-line method. Certificates of Indebtedness payable is reported net of the applicable premium or discount, if any.

Use of Estimates

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

Net Position Classifications

Net position is classified and displayed in three components:

a. Net investment in capital assets - consist of capital assets including restricted capital assets, net of accumulated depreciation, and reduced by the outstanding balances of bonds or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are any significant unspent related debt proceeds, the portion of the debt attributable to the unspent amount is excluded from the calculation of net investment in capital assets.

- Restricted net position - consists of assets that have constraints that are externally imposed by creditors.

- Unrestricted net position - consist of all other net assets that do not meet the definition of "net investment in capital assets."

When an expense is incurred for purposes for which both restricted and unrestricted net positions are available, the District's policy is to apply restricted net position first.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Stabilization Arrangements

The District has formally set aside amounts for use in emergency situations or to offset anticipated revenue shortfalls should they occur. A stabilization arrangement, to offset anticipated revenue shortfalls should they occur, was authorized through formal resolution of the Board and was set at 25% of total revenue, which resulted in $1,644,093 for the year ended December 31, 2020. The Board, through formal resolution, also established a stabilization arrangement in the amount of $1,500,000 to fund expenses in the event of a catastrophic occurrence related to costs to obtain temporary facilities and equipment. The stabilization balances in total as of December 31, 2020, were $3,144,093 and are included in the unrestricted net position.

NOTE 2 - CASH AND CASH EQUIVALENTS:

The District had cash and cash equivalents (carrying value) at December 31, 2020 totaling $5,156,148. These deposits are stated at cost, which approximates market. Under state law, deposits (or the resulting bank balance) 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 is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of December 31, 2020, the District's bank balances were $5,202,599 of which $250,000 was secured by federal deposit insurance coverage. The remaining deposits were collateralized by the pledge of securities held in joint custody with the bank. Accordingly, the District was not exposed to custodial credit risk.

NOTE 3 - CAPITAL ASSETS

	December 31, 2019	Additions	Completed Construction	Deletions	December 31, 2020
Capital assets not being depreciated:					
Land	$ 236,478	$ -	$ -	$ -	$ 236,478
Total capital assets not being depreciated	236,478	-	-	-	236,478
Capital assets being depreciated:					
Equipment and 911 system	337,094	-	-	-	337,094
Buildings	9,757,224	67,817	-	-	9,825,041
Vehicles	84,067	63,089	-	(22,031)	125,125
Furniture and fixtures	441,174	-	-	-	441,174
Total capital assets being depreciated	10,619,559	130,906	-	(22,031)	10,728,434
Less accumulated depreciation:					
Equipment and 911 system	(171,344)	(26,758)	-	-	(198,102)
Buildings	(728,715)	(254,977)	-	-	(983,692)
Vehicles	(65,482)	(15,491)	-	22,031	(58,942)
Furniture and fixtures	(74,725)	(87,951)	-	-	(162,676)
Total accumulated depreciation	(1,040,266)	(385,177)	-	22,031	(1,403,412)
Total capital assets being depreciated, net	9,579,293	(254,271)	-	-	9,325,022
Total capital assets, net	$ 9,815,771	$ (254,271)	$ -	$ -	$ 9,561,500

Depreciation expense was incurred in the amount of $385,177 during the year ended December 31, 2020.

NOTE 4 - DEFINED BENEFIT PENSION PLAN

Plan Description

Employees of the District are provided with pensions through a cost-sharing multiple- employer defined benefit plan administered by the Parochial Employees' Retirement System (PERS). PERS was established and provided for by R.S.11:1901 of the Louisiana Revised Statute (LRS) to provide retirement benefits to employees of taxing districts of a parish or any branch or section of a parish within the state which does not have its own retirement system and which elects to become a member of PERS. The plan issues a stand- alone financial report. The District participates in Plan A of PERS.

Retirement Benefits

Any member of Plan A can retire providing he/she meets one of the following criteria: For employees hired prior to January 1, 2007:

1. Any age with thirty (30) or more years of creditable service.
2. Age 55 with twenty-five (25) years of creditable service.
3. Age 60 with a minimum often (10) years of creditable service.
4. Age 65 with a minimum of seven (7) years of creditable service.

For employees hired after January 1, 2007:

1. Age 55 with thirty (30) years of service.
2. Age 62 with ten (10) years of service.
3. Age 67 with seven (7) years of service.

Generally, the monthly amount of the retirement allowance of any member of Plan A shall consist of an amount equal to 3% of the member's final average compensation multiplied by his/her years of creditable service. However, under certain conditions, as outlined in the statutes, the benefits are limited to specified amounts.

Survivor Benefits

Upon the death of any member of Plan A with five (5) or more years of creditable service who is not eligible for retirement, the plan provides benefits for the surviving spouse and minor children, as outlined in the statutes.

Any member of Plan A who is eligible for normal retirement at time of death, the surviving spouse shall receive an automatic Option 2 benefit, as outlined in the statutes.

NOTE 4 - DEFINED BENEFIT PENSION PLAN - CONTINUED

Plan Description (Continued)

Deferred Retirement Option Plan:

Act 338 of 1990 established the Deferred Retirement Option Plan (DROP) for the retirement system. DROP is an option for any member who is eligible for normal retirement.

In lieu of terminating employment and accepting a service retirement, any member of Plan A who is eligible to retire may elect to participate in the Deferred Retirement Option Plan (DROP) in which they are enrolled for three years and defer the receipt of benefits. During participation in the plan, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP Fund.

Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his option, a lump sum from the account equal to the payments into the account, a true annuity based upon his account balance in that fund, or roll over the fund to an Individual Retirement Account.

Interest is accrued on the DROP benefits for the period between the end of DROP participation and the member's retirement date.

For individuals who become eligible to participate in the Deferred Retirement Option Plan on or after January 1, 2004, all amounts which remain credited to the individual's subaccount after termination in the plan will be placed in liquid asset money market investments at the discretion of the Board of Trustees. These subaccounts may be credited with interest based on money market rates of return or, at the option of the System, the funds may be credited to self-directed subaccounts. The participant in the self-directed portion of this plan must agree that the benefits payable to the participant are not the obligations of the state or the System, and that any returns and other rights of the plan are the sole liability and responsibility of the participant and the designated provider to which contributions have been made.

Disability Benefits

For Plan A, a member shall be eligible to retire and receive a disability benefit if he was hired prior to January 1, 2007 and has at least five years of creditable service, or if hired after January 1, 2007, has seven years of creditable service, and is not eligible for normal retirement and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan A shall be paid a disability benefit equal to the lesser of an amount equal to 3% of the member's final average compensation multiplied by his years of service, not to be less than 15, or 3% multiplied by years of service assuming continued service to age 60.

NOTE 4 - DEFINED BENEFIT PENSION PLAN - CONTINUED

Plan Description (Continued)

Cost-of-Living Increases

The pension plan is authorized to provide a cost-of-living allowance for members who retired prior to July 1973. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements.

In addition, the pension plan may provide an additional cost of living increase to all retirees and beneficiaries who are over age 65 equal to 2% of the member's benefit paid on October 1, 1977 (or the member's retirement date, if later). Also, the pension plan may provide a cost-of-living increase up to 2.5% for retirees 62 and older. Lastly, the pension plan provides for further reduced actuarial payments to provide an annual 2.5% cost-of-living adjustment commencing at age 55.

Contributions

Members are required by state statute to contribute 9.50% of their annual covered payroll and the District is required to make employer contributions based on an actuarially determined rate. The employer contribution rate for the fiscal year ended December 31, 2020 was 12.25% of annual covered payroll. The District's contribution to the PERS for the year ended December 31, 2020 was $47,097, which was recorded as a deferred outflow related to pensions.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

As of December 31, 2020, the District reported a liability of $2,717 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the measurement period December 31, 2019, the District's proportion was 0.06%.

For the year ended December 31, 2020, the District recognized pension expense of $57,500. At December 31, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

NOTE 4 - DEFINED BENEFIT PENSION PLAN - CONTINUED

Plan Description (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 24,324
Net difference between projected and actual earnings on pension plan investments	-	101,853
Changes of assumptions	37,948	-
Changes in proportion and differences between employer contributions and proportionate share	10,685	913
Employer contributions subsequent to the measurement date	47,097	-
Total	$ 95,730	$ 127,090

Deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date of $47,097 will be recognized as a reduction of the net pension liability during the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions of $78,457 will be recognized as pension expense as follows:

Year	Amount
2020	$ (16,712)
2021	(22,074)
2022	6,182
2023	(45,853)
TOTAL	$ (78,457)

Actuarial Assumptions

The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

NOTE 4 - DEFINED BENEFIT PENSION PLAN - CONTINUED

Plan Description (Continued)

Actuarial Assumptions (Cont'd)

Inflation:	2.40%
Salary Increases:	4.75%, including inflation
Mortality Rates:	Pub-2010 Public Retirement Plans Mortality Tables for employees Pub-2010 Mortality Table for Healthy Retirees for annuitants and beneficiaries Pub-2010 Mortality Table for General Disabled Retirees for disabled annuitants
Investment Rate of Return:	6.50%, net of investment expense
Cost-of-Living Adjustments:	The present value of future retirement benefits is based on benefits currently being paid by the pension plan and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increase not yet authorized by the pension plan.

The mortality rate assumption used was set based upon an experience study performed on plan data for the period January 1, 2013 through December 31, 2017. The data was assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. The Pub-2010 Public Retirement Plans Mortality Table for General Employees, multiplied by 130% for males and 125% for females, each with full generational projection using the MP2018 scale. Mortality for annuitants and beneficiaries was set equal to the Pub-2010 Public Retirement Plans Mortality Table for Healthy Retirees multiplied by 130% for males and 125% for females, each with full generational projection using the MP2018 scale. For disabled annuitants, mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for General Disabled Retirees multiplied by 130% for males and 125% for females, each with full generational projection using the MP2018 scale.

NOTE 4 - DEFINED BENEFIT PENSION PLAN - CONTINUED

Plan Description (Continued)

Actuarial Assumptions (Cont'd)

The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the CAPM pricing model (top-down), a treasury yield curve approach (bottom-up) and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward-looking basis in equilibrium, in which best- estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.00% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return was 7.18% for the year ended December 31, 2019. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2019 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Fixed Income	35%	1.05%
Equity	52%	3.41%
Alternatives	11%	0.61%
Real Estate	2%	0.11%
	100%	5.18%
Inflation		2.00%
Expected Arithmetic Nominal Return		7.18%

The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers and non-employer contributing entities will be made at the actuarially determined contribution rates, which are calculated in accordance with relevant statues and approved by the pension plan. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of the projected benefit payments to determine the total pension liability.

NOTE 4 - DEFINED BENEFIT PENSION PLAN - CONTINUED

Plan Description (Continued)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate:

The following presents the District's proportionate share of the net pension liability the discount rate of 6.50%, as well as what the employer's proportionate share of the net pension liability or net pension asset would be if it were calculated using a discount rate that is one percentage point lower, 5.50%, or one percentage-point higher, 7.50%, then the current rate:

	1.0% Decrease 5.50%	Current Discount Rate 6.50%	1.0% Increase 7.50%
District's proportionate share of the net pension liability (asset)	$ 293,673	$ 2,717	$ (241,098)

Pension Plan Fiduciary Net Position:

Detailed information about the pension plan's fiduciary net position is available in the separately issued Parochial Employees' Retirement System Financial Report at www.persla.org or on the Office of the Louisiana Legislative Auditor's website at www.lla.state.la.us.

Support of Non-Employer Contributing Entities:

Contributions received by a pension plan from non-employer contributing entities that are not in a special funding situation are recorded as revenue by the respective pension plan. The District recognizes revenue in an amount equal to their proportionate share of the total contributions to the pension pan from these non-employer contributing entities. During the year ended December 31, 2020, the District recognized revenue as a result of support received from non-employer contributing entities of $4,671 for its participation in PERS.

Payables to the Pension Plan:

The District had no outstanding amount of contributions due to the pension plan for the year ended December 31, 2020.

NOTE 5 - COMMITMENTS

In 2019, the District renewed an inter-governmental agreement with St. Tammany Parish Fire Protection District No. 12 (Fire District 12), whereby the District would pay Fire District 12 an annual sum of $315,000 for providing dispatchers to respond to E-911 calls reporting a fire or the need for emergency medical assistance. This agreement was terminated effective December 31, 2020. In 2020, the District incurred an expense of $315,000 related to this agreement.

In January 2021, the District amended an inter-governmental agreement with the St. Tammany Parish Fire District No. 1 (Fire District 1), whereby the District would pay an annual sum of $300,000 to assist with supplementing the cost of Fire District 1 and Fire District 12's consolidation of all fire service functions to respond to E-911 calls reporting a fire or the need for emergency medical assistance. The term of the agreement is for three years. The future minimum payments as of December 31, 2020 are as follows:

Year	Amount
2021	$ 300,000
2022	300,000
2023	300,000
TOTAL	$ 900,000

In 2019 the District entered into an inter-governmental agreement with St. Tammany Parish Sheriff's Office, whereby the District would pay an amount to help offset the St. Tammany Parish Sheriff's Office 911 call taker expense in addition to the 911call taker expense for the City of Covington, and the City of Mandeville. The term of the agreement is one year. The District evaluates the agreements annually to determine if a fee increase is necessary. In 2020, the District incurred an expense of $781,127 related to this agreement

In 2019, the District entered into an inter-governmental agreement with the City of Slidell, whereby the District would pay an amount to help offset the City of Slidell's 911 call taker expense in addition to the 911 call taker expense for the Pearl River Police Department. The term of the agreement is five years. In 2020, the District incurred an expense of $147,234 related to this agreement. The future minimum payments required as a result of this agreement as of December 31, 2020 are as follows:

Year	Amount
2021	$ 147,234
2022	147,234
2023	147,234
2024	36,809
TOTAL	$ 478,511

NOTE 5 - COMMITMENTS - CONTINUED

On September 15, 2015, the District entered into an agreement with a tower operator to install, operate, and maintain equipment on a tower located in Lacombe, Louisiana. The agreement calls for monthly payments of $1,300 for the use of the space with a 3% annual increase on the basic payment on the anniversary date of the agreement. In addition, and concurrently with the basic payment, the District is to pay $200 per month to reimburse licensor for all or a portion of such rent expense. The term of the lease is for a period of 10

years from the commencement date of the agreement with four renewal periods of five years each. In 2020, the District incurred an expense of $18,427 related to this agreement.

The future minimum payments required as of December 31, 2020 are as follows:

Year	Amount
2021	$ 20,620
2022	21,167
2023	21,730
2024	22,310
Thereafter	17,066
TOTAL	$ 102,893

On May 31, 2017, the District entered into an inter-governmental agreement with the St. Tammany Parish Sheriff's Office, whereby the District will fund a portion of the new parish wide radio communication system. The agreement calls for twelve annual payments of $750,000 to the St. Tammany Parish Sheriff's Office beginning on July 1, 2017. In 2020, the District incurred expenses of $750,000 related to this agreement. The future minimum payments as of December 31, 2020 are as follows:

Year	Amount
2021	$ 750,000
2022	750,000
2023	750,000
2024	750,000
Thereafter	3,000,000
TOTAL	$ 6,000,000

On September 9, 2019, the District entered into an agreement with a national carrier to provide hardware, software, licenses and maintenance on a new Viper911 system. The term of the agreement is for 5 years with an upfront payment of $600,000 followed by monthly payments of $17,934 beginning on October 1, 2019. In 2020, the District incurred expenses of $215,204 related to this agreement.

NOTE 5 - COMMITMENTS - CONTINUED

The future minimum payments required as of December 31, 2020 are as follows:

Year	Amount
2021	$ 215,204
2022	215,204
2023	215,204
2024	161,404
TOTAL	$ 807,016

NOTE 6 - LONG-TERM DEBT:

During the year ended December 31, 2016, the District issued Certificates of Indebtedness, Series 2016 in the amount of $6,500,000 for the purpose of building a facility for the operations of the District. Interest on the certificates bear an annual interest rate of 2.70% and mature over a period of 20 years with a final maturity date of January 1, 2036.

The following is a summary of the long-term debt obligation transactions for the year ended December 31, 2020:

	Balance 2019	Additions	Deductions	Balance 2020	Within One Year
Certificates of Indebtedness	$ 5,725,000	$ -	$ (270,000)	$5,455,000	$ 275,000

During the year ended December 31, 2020, the District incurred interest expense on the certificates in the amount of $147,285.

The annual debt service requirements of the certificates to maturity as of December 31, 2020 are as follows:

Year	Principal	Interest	Total
2021	$ 275,000	$ 69,930	$ 344,930
2022	285,000	136,013	421,013
2023	295,000	128,183	423,183
2024	300,000	120,150	420,150
2025	310,000	111,915	421,915
2026-2030	1,670,000	428,357	2,098,357
2031-2035	1,905,000	187,583	2,092,583
2036	415,000	5,603	420,603
Total	$ 5,455,000	$ 1,187,734	$ 6,642,734

NOTE 7 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended December 31, 2020, the District carried insurance through various commercial carriers to cover all risks of loss.

NOTE 8 - BOARD COMPENSATION

Members of the Board were not paid per diem for attending board meetings for the year ended December 31, 2020.

NOTE 9 - CHANGE IN PRESENTATION

During 2020, the District determined that it met certain requirements of GASB Statement No. 34 which dictated that the financial statements be presented as a proprietary fund – enterprise fund, rather than a governmental fund as in prior years.

NOTE 10 - COVID 19

During March 2020, the World Health Organization declared the novel coronavirus ("COVID-19") outbreak a public health emergency. There have been mandates from international, federal, state, and local authorities requiring forced closures of various schools, businesses, and other facilities and organizations. The situation could negatively impact the District's business. While the closures and limitations of movement, domestically and internationally, are expected to be temporary, the duration of the disruption, and related financial impact, cannot be estimated at this time. Should the closures continue for an extended period of time or should the effects of COVID-19 continue to spread, the impact could have a material adverse effect on the District's net position, results of operations, or cash flows.

NOTE 11 - SUBSEQUENT EVENTS

The District has evaluated subsequent events through the date the financial statements were available to be issued, which corresponds with the date of the independent auditors' report. No material subsequent events have occurred since December 31, 2020, that require recognition or disclosure in the financial statements.

ST. TAMMANY PARISH COMMUNICATIONS DISTRICT NO. 1

TEN YEAR SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
As of December 31, 2020

Fiscal Year	Employer's Proportion Share of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered-Employee Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a % of its Covered Employee Payroll	Plan Fiduciary Net Position as a % of the Total Pension Liability (Asset)
PERS:					
12/31/20	0.06%	$ 2,717	$ 386,721	0.70%	99.86%
12/31/19	0.05%	213,294	365,992	69.30%	88.86%
12/31/18	0.05%	(36,273)	307,786	(12.01)%	101.98%
12/31/17	0.05%	112,351	305,695	34.73%	94.15%
12/31/16	0.05%	143,518	323,526	46.03%	92.23%
12/31/15	0.06%	15,893	311,806	5.06%	99.00%

ST. TAMMANY PARISH COMMUNICATIONS DISTRICT NO. 1

TEN YEAR SCHEDULE OF EMPLOYER'S PENSION CONTRIBUTIONS &
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
As of December 31, 2020

Fiscal Year		Contractually Required Contribution		Contributions in Relation to Contractually Required Contribution		Contribution Deficiency (Excess)		Employer's Covered-Employee Payroll	Contribution as a Percentage of Covered-Employee Payroll
PERS:									
12/31/20	$	47,373	$	47,097	$	276	$	386,721	12.18%
12/31/19		42,089		42,400		(311)		365,992	11.58%
12/31/18		35,531		35,748		(217)		307,786	11.61%
12/31/17		38,530		37,774		756		305,695	12.36%
12/31/16		41,634		42,058		(424)		323,526	13.00%
12/31/15		46,244		47,364		(1,120)		311,806	15.19%

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

1. CHANGES OF BENEFIT TERMS:

There were no changes of benefit terms during any of the years presented.

2. CHANGES OF ASSUMPTIONS:

There were no changes of assumptions from December 31, 2018 to December 31, 2019.

ST. TAMMANY PARISH COMMUNICATIONS DISTRICT NO. 1

OTHER SUPPLEMENTARY INFORMATION
SCHEDULE OF COMPENSATION, BENEFITS AND
OTHER PAYMENTS TO AGENCY HEAD
For the Year Ended December 31, 2020

Agency Head: Rodney Hart, Executive Director

Purpose		Amount
Salary	$	106,334
Benefits - insurance		22,402
Benefits - retirement		10,146
Benefits - cell phone		652
Car allowance		365
Total	$	139,899

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINACIAL 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
St. Tammany Parish Communications District No. 1 Covington, 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 St. Tammany Parish Communications District No. 1, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise St. Tammany Parish Communications District No. 1's basic financial statements, and have issued our report thereon dated May 11, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered St. Tammany Parish Communications District No. 1'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 an opinion on the effectiveness of St. Tammany Parish Communications District No. 1's internal control. Accordingly, we do not express an opinion on the effectiveness of St. Tammany Parish Communications District No. 1' s internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether St. Tammany Parish Communications District No. 1's financial statements are free from material misstatement we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kushner LaGraize, L.L.C.

Metairie, Louisiana
May 11, 2021

ST. TAMMANY PARISH COMMUNICATIONS DISTRICT NO. 1

SCHEDULE OF FINDINGS

For the Year Ended December 31, 2020

1. SUMMARY OF AUDITORS' RESULTS

The type of report issued on the basic financial statements: unmodified.

A. Significant deficiencies in internal control were disclosed by the audit of the financial statements: none reported.

B. Material weaknesses: no.

C. Noncompliance which is material to the financial statements: no.

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS: none.

ST. TAMMANY PARISH COMMUNICATIONS DISTRICT NO. 1

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
For the Year Ended December 31, 2020

FINDINGS RELATED TO THE FINANCIAL STATEMENTS:

20-01 Cash Reconciliation - Resolved.