

MADISON PARISH COMMUNICATIONS DISTRICT

FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2023

MADISON PARISH COMMUNICATIONS DISTRICT  
TALLULAH, LOUISIANA

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Madison Parish Communications District  
Tallulah, Louisiana

### **Report on the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities and each major fund of the Madison Parish Communications District (Communications District), a component unit of the Madison Parish Police Jury, as of and for the year ended December 31, 2023, and related notes to the financial statements which collectively comprise the Communications District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Communications District, as of December 31, 2023, and the respective changes in financial position for the year ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Communications District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Communications District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibility for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Communications District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Communications District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 8, and the budgetary comparison information on page 23. 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 Communications District's basic financial statements. The accompanying other financial information consisting of the Schedule of Compensation, Benefits, and Other Payments to Agency Head on page 24 is presented for purposes of additional analysis and is not a required part of 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 information 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 August 15, 2024, on our consideration of the Communications 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 on 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 Communications District's internal control over financial reporting and compliance.

### **Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Louisiana Legislative Auditor, we have issued a report, dated August 15, 2024 on the results of our statewide agreed-upon procedures performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards*. The purpose of that report is solely to describe the scope of testing performed on those control and compliance areas identified in the Louisiana Legislative Auditor's statewide agreed-upon procedures, and the results of that testing, and not to provide an opinion on control or compliance.

*The Halford Firm, PLLC*

Vicksburg, Mississippi  
August 15, 2024

REQUIRED SUPPLEMENTARY INFORMATION

PART I

**MADISON PARISH COMMUNICATIONS DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

December 31, 2023

As management of the Madison Parish Communications District (Communications District), I offer readers of the Communications District's financial statements this narrative overview and analysis of the financial activities of the Communications District for the fiscal year ended December 31, 2023. Please read it in conjunction with the basic financial statements and the accompanying notes to the financial statements.

**Financial Highlights**

- The Communications District's expenses on the Statement of Activities for the year ending December 31, 2023, were \$577,019 and the prior year's expenses were \$506,601, resulting in an increase of \$70,418 of 13.9 percent.
- The Communications District's total net position decreased by \$180 or 0.018 percent over the course of this year's operations.
- During the year, the Communications District's expenditures were \$553,034 and the prior year's expenditures were \$483,980, resulting in an increase of \$69,054 or 14.26 percent.
- The Communications District had total revenues of \$576,839 in 2023, of which \$317,004 or 54.96 percent was from ad valorem taxes.

**Overview of the Financial Statements**

This Management Discussion and Analysis document introduces the Communications District's basic financial statements. The annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the financial activities as a whole and illustrate a longer-term view of the Communications District's finances. The Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Fund tell how these services were financed in the short term as well as what remains for future spending. Fund Financial Statements also report the operations in more detail than the Government-wide Financial Statements by providing information about the most significant funds. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the Communications District's finances, in a manner similar to a private-sector business. The government-wide financial statements provide short- and long-term information about the Communications District's financial status as a whole.

The Communications District's government-wide financial statements include a Statement of Net Position (pg. 9) and Statement of Activities (pg. 10), which are prepared using accounting principles that are similar to commercial enterprises. The purpose of the Statement of Net Position is to report all of the assets held and liabilities owed by the Communications District using the full accrual basis of accounting. The Communications District reports all of its assets when it acquires ownership over the assets and reports all of its liabilities when they are incurred.

## **MADISON PARISH COMMUNICATIONS DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Government-wide financial statements (continued).** The difference between the Communications District's total assets and total liabilities is reported as net position and this difference is similar to the total owner's equity presented by a commercial enterprise. Over time, increases or decreases in the Communications District's net position are one indicator of whether financial health is improving or deteriorating. However, the Communications District's goal is to provide services to the citizens of Madison Parish, not to generate profits as commercial enterprises do. Therefore, not only financial factors must be considered to assess the overall health of the Communications District.

The purpose of the Statement of Activities is to present the revenues and expenses of the Communications District. Again, the items presented on the Statement of Activities are measured in a manner similar to the approach used by a commercial enterprise in that revenues are recognized when earned or established criteria are satisfied, and expenses are reported when incurred by the Communications District. Thus, revenues are reported even though they may not be collected for several months after the end of the accounting period and expenses are recorded even though they may not have used cash during the current period.

**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 Communications District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Communications District are governmental funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the Governmental Fund Balance Sheet and Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Communications District adopts an annual appropriated budget for the general fund. A budgetary comparison statement is provided for the major fund to demonstrate compliance with this budget.

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

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Communications District's performance.

**MADISON PARISH COMMUNICATIONS DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**REPORTING ON THE MADISON PARISH COMMUNICATIONS DISTRICT AS A WHOLE**

The following table reflects the condensed Statement of Net Position:

**CONDENSED STATEMENT OF NET POSITION  
Year Ended December 31, 2023**

	2023	2022
<b>Assets</b>		
Current and other assets	\$ 969,141	\$ 941,318
Capital assets, net of accumulated depreciation	27,042	51,027
Total Assets	996,183	992,345
<b>Liabilities</b>		
Current and other liabilities	7,505	3,487
Long-term liabilities	-	-
Total Liabilities	7,505	3,487
<b>Net Position (Deficit)</b>		
Invested in capital assets, net of related debt	27,042	51,027
Unrestricted	961,636	937,831
Total Net Position (Deficit)	\$ 988,678	\$ 988,858

Net position may serve over time as a useful indicator of a government's financial position. In the case of the Communications District, assets exceed liabilities at the close of this fiscal year by \$988,678. Of this amount \$27,042 or 2.74% of the total net position represents the investment of the Communications District in capital assets, net of related debt. Net position (deficit) of \$961,636 for 2023, which is technically unrestricted, needs to be viewed in light of information in the fund financial statements.

**MADISON PARISH COMMUNICATIONS DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The following table reflects the condensed Statement of Activities:

**CONDENSED STATEMENT OF ACTIVITIES  
Year Ended December 31, 2023**

	2023	2022
<b>Revenues</b>		
Taxes - ad valorem	\$ 317,004	\$ 330,501
911 fees	259,406	215,382
Interest and other income	429	42,076
Total Revenues	576,839	587,959
<b>Expenses</b>		
Salaries and benefits	101,538	102,249
Repairs and maintenance	13,112	10,383
Material and supplies	432,749	367,547
Other	29,620	26,422
Total Expenses	577,019	506,601
Change in Net Position	(180)	81,358
Net Position (Deficit) - beginning	988,858	907,500
Net Position (Deficit) - ending	\$ 988,678	\$ 988,858

As reported in the Statement of Activities, the cost of governmental activities for 2023 and 2022 was \$577,019 and \$506,601, respectively.

**Financial Analysis of the Government's Funds**

As noted earlier, the Communications District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of December 2023, the general fund's governmental balance was \$961,636, all of which was unassigned.

**Capital Asset and Debt Administration**

**Capital assets.** The Communications District's investment in capital assets for its governmental activities as of December 31, 2023, amounts to \$27,042. This investment includes furniture and equipment. This value is net of accumulated depreciation.

**Long-Term Debt**

The Communications District had no long-term debt on December 31, 2023.

**MADISON PARISH COMMUNICATIONS DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**General Fund Budgetary Highlights**

The Communications District's budget is prepared according to Louisiana law.

A budgetary comparison schedule showing the Communications District's original adopted budget compared with actual operating results for the year ending December 31, 2023 is provided in the report that follows.

**Economic Factors and Next Year's Budgets**

The Communications District is dependent on ad valorem taxes and commissions from telephone carriers for approximately 54.96% and 45.04% of its revenues, respectively. The economy is not expected to generate any significant growth. Therefore, the Communications District's future revenues are expected to be consistent with the current year.

**Requests for Information**

This financial report is designed to provide a general overview of the Communications District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Madison Parish Communications District, 402 E. Green Street, Tallulah, LA 71282.

**BASIC FINANCIAL STATEMENTS**

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MADISON PARISH COMMUNICATIONS DISTRICT  
TALLULAH, LOUISIANA  
STATEMENT OF NET POSITION  
DECEMBER 31, 2023

**Assets**

Current assets

Cash and cash equivalents	\$ 29,141
Investments	940,000
Receivables	-
Total current assets	969,141

Noncurrent assets

Capital assets, net of accumulated depreciation	27,042
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Total assets	996,183
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**Liabilities**

Current Liabilities

Accrued expenses	7,505
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Total Liabilities	7,505
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**Net Position (Deficit)**

Invested in capital assets	27,042
Unrestricted	961,636

Total Net Position (Deficit)	\$ 988,678
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The accompanying notes are an integral part of this financial statement.

MADISON PARISH COMMUNICATIONS DISTRICT  
TALLULAH, LOUISIANA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2023

Function/Program	Expenses	Program Revenue Charge for Services	Operating Grants and Contributions	Net Revenue (Expense) Government Activities
<b>Government Activities:</b>				
911 Fees	\$ 577,019	\$ 259,406	\$ -	\$ (317,613)
Total government activities	<u>\$ 577,019</u>	<u>\$ 259,406</u>	<u>\$ -</u>	<u>(317,613)</u>
<b>General Revenues:</b>				
Taxes - ad valorem				317,004
Miscellaneous income				-
Interest income				<u>429</u>
Total general revenues				<u>317,433</u>
Change in Net Position				(180)
Net Position (Deficit) - January 1, 2023				<u>988,858</u>
Net Position (Deficit) - December 31, 2023				<u>\$ 988,678</u>

The accompanying notes are an integral part of this financial statement.

MADISON PARISH COMMUNICATIONS DISTRICT  
TALLULAH, LOUISIANA  
BALANCE SHEET – GOVERNMENTAL FUNDS  
DECEMBER 31, 2023

	<u>General Fund</u>
<b>Assets</b>	
Cash	\$ 29,141
Receivables	-
Investments	<u>940,000</u>
 Total Assets	 <u>969,141</u>
 <b>Liabilities</b>	
Accrued expenses	<u>\$ 7,505</u>
 <b>Fund Equity Balances</b>	
Fund balance - unassigned	<u>961,636</u>
 Total Liabilities and Fund Equity Balances	 <u>\$ 969,141</u>

The accompanying notes are an integral part of this financial statement.

MADISON PARISH COMMUNICATIONS DISTRICT  
TALLULAH, LOUISIANA  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
AS OF DECEMBER 31, 2023

Total Fund Balance - Governmental Funds	\$ 961,636
Capital assets used in governmental activities are not financial resources and are not reported in the governmental funds	<u>27,042</u>
Net Position (Deficit) of Governmental Activities	<u>\$ 988,678</u>

The accompanying notes are an integral part of this financial statement.

MADISON PARISH COMMUNICATIONS DISTRICT  
TALLULAH, LOUISIANA  
GOVERNMENTAL FUND TYPES – GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED DECEMBER 31, 2023

**Revenues**

Taxes - ad valorem	\$ 317,004
911 fees	259,406
Interest income	429
Other income	-
Total Revenues	576,839

**Expenditures**

General Governmental:

Salaries:

Director	88,064
Other	-
Employee benefits	13,474

Travel:

Auto fuel	2,848
Other	2,787

Repairs & Maintenance

Software	-
Other	13,112

Materials & Supplies:

Office	231,313
Other	201,436
Capital Outlay	-

Total Expenditures	553,034
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Changes in Fund Balance	23,805
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Fund Balance at beginning of year	954,196
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Fund Balance at end of year	\$ 978,001
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The accompanying notes are an integral part of this financial statement.

MADISON PARISH COMMUNICATIONS DISTRICT  
TALLULAH, LOUISIANA  
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2023

Net Change in Fund Balance, Total Governmental Fund \$ 23,805

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period. (23,985)

Change in Net Position of Governmental Activities \$ (180)

The accompanying notes are an integral part of this financial statement.

MADISON PARISH COMMUNICATIONS DISTRICT  
TALLULAH, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying financial statements of the Madison Parish Communications District (Communications District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The Communications District's financial statements are also prepared in accordance with the requirements of Louisiana R.S. 24:513, the Louisiana Municipal Audit and Accounting Guide and the industry guide, Audits of State and Local Government Units, published by the American Institute of Certified Public Accountants. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

**A. FINANCIAL REPORTING ENTITY**

The Communications District has been created by and in accordance with the provisions of Louisiana Revised Statutes 33:9101 – 9106 for the purpose of establishing an Enhanced Emergency 911 Service. The Communications District's Board of Commissioners consists of seven members who are appointed by the Madison Parish Police Jury and serve four-year terms. The Commission members receive no compensation.

Because the Madison Parish Police Jury appoints the Board of Commissioners and can impose its will on the Communications District, the Communications District is determined to be a component unit of the Madison Parish Police Jury. The accompanying financial statements present information only on the fund maintained by the Communications District and do not present information on the Madison Parish Police Jury, the general governmental services provided by that governmental entity, or the other governmental entities that comprise the financial reporting entity.

**B. BASIS OF PRESENTATION**

**Government-Wide Financial Statements (GWFS)**

The government-wide financial statements provide operational accountability information for the Communications District as an economic unit. The government-wide financial statements report the Communications District's ability to maintain service levels and continue to meet its obligations as they come due. The statements include all governmental activities of the Communications District. Fiduciary funds are omitted from the government-wide financial statements. The Communications District has no fiduciary funds.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Communications District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines and charges paid by the recipients for goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

MADISON PARISH COMMUNICATIONS DISTRICT  
TALLULAH, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**B. BASIS OF PRESENTATION (continued)**

Fund Financial Statements (FFS)

The accounts of the Communications District are organized on the basis of funds, each of which is considered to be an independent fiscal and accounting entity. The operations of each fund are accounted for within separate sets of self-balancing accounts, which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance/net position, revenues, expenditures/expenses, and transfers. The minimum number of funds is maintained consistent with legal and managerial requirements. Fund account segregates funds according to the intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The emphasis of the fund financial statements is on major funds, each displayed in a separate column.

The General Fund is always a major governmental fund. Other individual governmental and enterprise major funds are determined as funds whose revenues, expenditures/expenses, assets and deferred outflows of resources, or liabilities and deferred inflows of resources, are at least ten percent of the corresponding totals for all funds of that category or type (total governmental or total enterprise funds) and at least five percent of the corresponding total for all governmental and enterprise funds combined or funds designated as major at the discretion of the Communications District. Funds not classified as a major fund are aggregated and presented in a single column in the fund financial statements. The Communications District maintains one fund, which is categorized as a governmental fund as described below.

Governmental Fund

Governmental funds are those through which most governmental functions are typically financed. The measurement focus of governmental funds is on the sources, uses, and balances of current financial resources.

General Fund

The General Fund is the general operating fund of the Communications District. It is used to account for all financial resources except those required to be accounted for in another fund.

**C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

The measurement focus determines the accounting and financial reporting treatment applied to a fund.

The governmental activities within the government-wide statement of net position and statement of activities are presented using the economic resources measurement focus. The economic resources measurement focus meets the accounting objectives of determining net income, net position, and cash flows.

MADISON PARISH COMMUNICATIONS DISTRICT  
TALLULAH, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (continued)**

Measurement Focus (continued)

The governmental funds used the current financial resources measurement focus. This measurement focus is based on the receipt and disbursement of current available financial resources rather than upon net income.

Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

In the government-wide statement of net position and statement of activities, the governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. An exception to this is grants collected on a reimbursable basis. Those reimbursable grants are recognized as revenue when reimbursable expenditures are made. Property tax revenues are recognized in the period for which levied provided they are also available. Expenditures are recognized when the related liability is incurred. Exceptions to this general rule include principal and interest on general obligation long-term debt and employee vacation and sick leave, which are recognized when due and payable.

Allocation of indirect expenses

The Communications District reports all direct expenses by function in the statement of activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses of other functions are not allocated to those functions but are reported separately in the statement of activities. Depreciation expense is specifically identified by function and is included in the direct expense of cash function. Interest on long-term debt is considered an indirect expense and is reported separately on the statement of activities.

Program revenues

Program revenues included in the statement of activities are derived directly from the program itself or from parties outside the Communications District's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the Communications District's general revenues.

MADISON PARISH COMMUNICATIONS DISTRICT  
TALLULAH, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**D. BUDGETARY ACCOUNTING**

The Communications District follows these procedures in establishing the budgetary data reflected in these financial statements.

1. Prior to the beginning of the fiscal year, the Director submits a proposed budget to the Board of Commissioners for their approval.
2. The Board of Commissioners approves the budget prior to the beginning of the fiscal year.
3. Budget amendments during the fiscal year require the approval of the Board of Commissioners.
4. All budgetary appropriations lapse at the end of the fiscal year.

**E. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents include demand deposits, interest-bearing demand deposit accounts, money market accounts, savings accounts, and certificates of deposits. They are stated at cost, which approximates market.

**F. RECEIVABLES**

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include ad valorem taxes and phone and cellular surcharges. Uncollectible ad valorem taxes are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable. The Communications District had no receivables on December 31.

**G. CAPITAL ASSETS**

Capital assets, which include buildings and improvements, and furniture, equipment, and vehicles, are reported 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 Communications District maintains a threshold level of \$500.00 or more for capitalizing capital assets. All assets are valued at historical cost. 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.

Depreciation of all exhaustible capital assets is recorded as an expense in the statement of activities, with the accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives by using the straight-line method of depreciation. Useful lives vary from 5 to 10 years.

In the fund financial statements, the acquisition of capital assets used in governmental fund operations is accounted for as capital outlay expenditures of the governmental fund upon acquisition.

MADISON PARISH COMMUNICATIONS DISTRICT  
TALLULAH, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**H. LONG-TERM DEBT**

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations of proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental resources is reported as liabilities in the government-wide statements. The Communications District had no long-term debt on December 31, 2023.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds as other financing sources and payment of principal, interest, and issuance costs are reported as expenditures.

**I. EQUITY CLASSIFICATIONS**

In the government-wide statements, equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups, such as creditors, grantors, contributors, or laws regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that does not meet the definition of “net investment in capital assets.”

When an expense is incurred for the purposes for which both restricted and unrestricted net position is available, management applies unrestricted resources first, unless a determination is made to use restricted resources. The policy concerning which to apply first varies with the intended use and legal requirements. This decision is typically made by management at the incurrence of the expense.

Accounting standards require governmental fund balances to be reported in as many as five classifications as listed below:

- a. Nonspendable Fund Balance – amounts that are not in spendable form (such as inventory) or are required to be maintained intact.
- b. Restricted Fund Balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provision, or by enabling legislation.
- c. Committed Fund Balance – amounts constrained to specific purposes by the Communications District itself, using its highest level of decision-making authority. To be reported as committed, amounts cannot be used for any other purpose unless the Communications District takes the same highest-level action to remove or change the constraint.

MADISON PARISH COMMUNICATIONS DISTRICT  
TALLULAH, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS

**I. EQUITY CLASSIFICATIONS – (continued)**

- d. Assigned Fund Balance – amounts the Communications District intends to use for a specific purpose. Intent is expressed by the Communications District.
- e. Unassigned Fund Balance – amounts that are available for any purpose. These amounts are reported only in the general fund.

**J. ESTIMATES**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require 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.

**NOTE 2. CASH AND CASH EQUIVALENTS**

Under state law, the Communications District may deposit funds within a fiscal agent bank organized under Louisiana law or any other state of the United States, or under the laws of the United States. The Communications District may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. On December 31, 2023, the Communications District has cash and cash equivalents (book balances) totaling as follows:

Interest-bearing demand deposits	\$ 29,141
Certificates of deposits	<u>940,000</u>
Total	<u>\$969,141</u>

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Communications District's deposits may not be recovered or the collateral securities that are in the possession of an outside party will not be recovered. These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by the federal deposit insurance or similar federal security, 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 or exceed the amount on deposit with the fiscal agent. These securities are held in the name of the ledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. 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 Communications District that the fiscal agent bank has failed to pay deposited funds upon demand. Further, Louisiana Revised Statute 9:1224 states that securities held by a third party shall be deemed to be held in the Communications District's name.

On December 31, 2023, the Communications District had bank deposits of \$972,727. These deposits are secured from risk by federal deposit insurance plus the market value of pledged securities owned by the fiscal bank.

MADISON PARISH COMMUNICATIONS DISTRICT  
TALLULAH, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS

**NOTE 3. CHANGES IN CAPITAL ASSETS**

Capital assets and depreciation activity as of and for the year ended December 31, 2023, is as follows:

Government Activities	Balance December 31, 2022	Addition	Deduction	Balance December 31, 2022
Furniture and Equipment	\$ 134,745	\$ -	\$ -	\$ 134,745
Less accumulated depreciation	(83,718)	(23,985)	-	(107,703)
Capital assets - net	<u>\$ 51,027</u>	<u>\$ (23,985)</u>	<u>\$ -</u>	<u>\$ 27,042</u>

**NOTE 4. RISK MANAGEMENT**

The Communications District is exposed to risks of loss in the areas of auto and property liability, workers' compensation, and surety bonds. All these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance coverage during the year, nor have settlements exceeded coverage for the past three years.

**NOTE 5. AD VALOREM TAXES**

Ad valorem taxes are attached as an enforceable lien on property as of January 1<sup>st</sup> of each year. Taxes are levied in October and billed to the taxpayers by the Madison Parish Sheriff in December. Billed taxes become delinquent on January 1<sup>st</sup> of the following year. The taxes are based on assessed values determined by the Madison Parish Communication District and are collected by the Sheriff. The taxes are remitted to the Communications District net of deductions for Pension Fund contributions.

The Communications District is authorized to levy a maximum of 3.00 mills on property within the boundaries of the Communications District for maintenance and operation of the Communications District. The Communications District levied 2.89 mills for 2023.

**NOTE 6. LITIGATION AND CLAIMS**

On December 31, 2023, the Communications District was not involved in any lawsuits nor is aware of any outstanding claims, which are not covered by insurance.

**NOTE 7. PENSION PLANS**

The Communications District does not participate in any pension or retirement plans.

MADISON PARISH COMMUNICATIONS DISTRICT  
TALLULAH, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS

**NOTE 8. IMPLEMENTATION OF WIRELESS E911 SERVICE.**

In accordance with Louisiana Revised Statute 33:9109, the Communications District is authorized to collect emergency telephone surcharges on certain wireless communication systems to pay the costs of implementing FCC ordered enhancements to E911 systems. Once these enhancements have been made and the system implementation is complete, the proceeds can be used for any lawful purpose of the Communications District. In 2007, implementation of the wireless E911 service was complete.

During the year ended December 31, 2023, the Communications District received \$97,584 from landline telephone providers and \$161,822 from the emergency telephone surcharge on wireless communication systems, respectively. The funds received will be used for maintaining the wireless E911 systems.

**NOTE 9. SUBSEQUENT EVENTS**

Subsequent events were evaluated through August 15, 2024, which is the date the financial statements were available to be issued.

**REQUIRED SUPPLEMENTARY INFORMATION**  
**PART II**

MADISON PARISH COMMUNICATIONS DISTRICT  
TALLULAH, LOUISIANA  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
DECEMBER 31, 2023

	Original Budget	Actual	Variance Over (Under)
<b>Revenues</b>			
Taxes - ad valorem	\$342,000	\$317,004	\$ (24,996)
911 fees	215,700	259,406	43,706
Interest income	1,500	429	(1,071)
Other income	16,350	-	(16,350)
Total Revenues	575,550	576,839	1,289
<b>Expenditures</b>			
General Governmental:			
Salaries:			
Director	90,000	88,064	1,936
Other	-	-	-
Employee benefits	7,000	13,474	(6,474)
Travel:			
Auto fuel	3,500	2,848	652
Other	3,200	2,787	413
Repairs & Maintenance			
Software	-	-	-
Other	35,000	13,112	21,888
Materials & Supplies:			
Office	244,100	231,313	12,787
Other	225,000	201,436	23,564
Capital Outlay	-	-	-
Total Expenditures	607,800	553,034	54,766
Changes in Fund Balance	(32,250)	23,805	56,055
Fund Balance at beginning of year	954,196	954,196	-
Fund Balance at end of year	\$921,946	\$978,001	\$ 56,055

OTHER FINANCIAL INFORMATION

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MADISON PARISH COMMUNICATIONS DISTRICT  
TALLULAH, LOUISIANA  
SCHEDULE OF COMPENSATION, BENEFITS,  
OTHER PAYMENTS TO AGENCY HEAD  
DECEMBER 31, 2023

Cynthia Machen, Director

Salary and expense amount	\$	88,064
Benefits - insurance		-
Reimbursement - travel and conference		<u>1,967</u>
Total	\$	<u>90,031</u>

OTHER REPORTS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

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## INDEPENDENT AUDITORS' 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  
Madison Parish Communications District  
Tallulah, 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 Madison Parish Communications District, a component unit of the Madison Parish Police Jury, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Madison Parish Communications District's basic financial statements, and have issued our report thereon dated August 15, 2024.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Madison 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Madison Parish Communications District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Madison 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 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. 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 findings and questioned costs that we consider to be significant deficiencies, as items 23-01 and 23-02.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Madison Parish Communications District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. We identified one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and is identified as 23-03 in the schedule of findings and questioned costs.

### **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.

*The Halford Firm, PLLC*

Vicksburg, Mississippi  
August 15, 2024

MADISON PARISH COMMUNICATIONS DISTRICT  
TALLULAH, LOUISIANA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
DECEMBER 31, 2023

CURRENT YEAR FINDINGS RELATING TO AN AUDIT IN ACCORDANCE WITH GOVERNMENT  
AUDITING STANDARDS

A. INTERNAL CONTROL

**23-01 – Segregation of Duties**

CONDITION: The Communications District does not have an adequate segregation of functions within the accounting system.

CRITERIA: AU-C §315.04, *Understanding the Entity and its Environment and Assessing the Risks of Material Misstatement*, defines internal control as follow: "Internal control is a process, effected by those charged with governance, management, and other personnel, designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations."

CAUSE: The cause of the condition is the fact that the Communications District does not have a sufficient number of staff performing administrative and financial duties so as to provide adequate segregation of accounting and financial duties.

EFFECT: Failure to adequately segregate accounting and financial functions increases the risk that errors and/or irregularities including fraud and/or defalcations may occur and not be prevented and/or detected.

RECOMMENDATION: Management should consider hiring additional staff and/or outside services to ensure that a single employee does not have control of more than one of the following responsibilities: (1) authorization; (2) custody; (3) recordkeeping; and (4) reconciliation.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Communications District has determined that it is not cost effective to achieve complete segregation of duties within the accounting functions.

**23-02 – Preparation of Annual Financial Statements**

CONDITION: The Communications District's personnel do not have the capability to prepare annual financial statements, including footnote disclosures, in accordance with generally accepted accounting principles and do not have the skills and competencies necessary to prevent, detect, and correct a material misstatement.

CRITERIA: AU-C §110.03, *Distinction Between Responsibilities of Auditor and Management*, states "Management is responsible for adopting sound accounting policies and for establishing and maintaining internal control that will, among other things, initiate, record, process, and report transactions (as well as events and conditions) consistent with management's assertions embodied in the financial statements. The entity's transactions and the related assets, liabilities, and equity are within the direct knowledge and control of management. The auditor's knowledge of these matters and internal control is limited to that acquired through the audit. Thus, the fair presentation of financial statements in conformity with generally accepted accounting principles is an implicit and integral part of management's responsibility.

MADISON PARISH COMMUNICATIONS DISTRICT  
TALLULAH, LOUISIANA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - continued  
DECEMBER 31, 2023

CURRENT YEAR FINDINGS RELATING TO AN AUDIT IN ACCORDANCE WITH GOVERNMENT  
AUDITING STANDARDS – (continued)

A. INTERNAL CONTROL – (continued)

**23-02 – Preparation of Annual Financial Statements (continued)**

**CAUSE:** The Communications District's personnel do not have the capability to prepare annual financial statements, including footnote disclosures, in accordance with generally accepted accounting principles and do not have the skills and competencies necessary to prevent, detect, and correct a material misstatement.

**EFFECT:** Failure to have an adequately designed system of internal control over reporting, including controls over preparation of the annual financial statements and footnote disclosures increases the risk that errors and/or irregularities including fraud and/or defalcations may occur and not be prevented and/or detected.

**RECOMMENDATION:** The Communications District's personnel with direct responsibility for financial reporting should receive training in the preparation of annual financial statements, including footnote disclosures. The training should be sufficient to provide such personnel with the skills and competencies necessary to prevent, detect, and correct a material misstatement. Alternatively, the Communications District could hire a qualified CPA to prepare their financial statements for them.

**MANAGEMENT'S CORRECTIVE ACTION PLAN:** The Communications District has evaluated the cost vs. the benefit of establishing internal controls over the preparation of the annual financial statements and determined that it is in the best interests of the Communications District to carefully review the monthly financial statements and accept responsibility for their contents. The cost of additional training and/or hiring another CPA firm to prepare the annual financial statement is not feasible to the Communications District.

B. COMPLIANCE

**23-03 – Failure to File Audit Report Timely**

**CONDITION:** The Madison Parish Communication District did not submit the audit report for the year ended December 31, 2023 by the required reporting date.

**CRITERIA:** Louisiana Revised Statute 24:513 requires all audit engagements to be completed and transmitted to the Legislative Auditor within six months of the close of the fiscal year end.

**CAUSE:** The District engaged the auditor on June 18, 2024. Consequently, there was not sufficient time for the auditor to complete the engagement by the required reporting date.

**EFFECT:** Noncompliance with Louisiana Revised Statute 24:513

**RECOMMENDATION:** The Madison Parish Communication District should ensure that all audit engagements are completed and transmitted to the Legislative Auditor in a timely manner.

**MANAGEMENT'S RESPONSE:** The District concurs with the audit finding and will ensure that the audit report is submitted in a timely manner in the future.

MADISON PARISH COMMUNICATIONS DISTRICT  
TALLULAH, LOUISIANA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR YEAR ENDED DECEMBER 31, 2023

The following is a summary of the status of the prior year findings included in the auditor's report dated September 19, 2023, covering the examination of the financial statements of Madison Parish Communications District as of and for the year ended December 31, 2022.

A. INTERNAL CONTROL

**22-01 – Segregation of Duties**

**CONDITION:** The Communications District does not have an adequate segregation of functions within the accounting system.

**RECOMMENDATION:** Management should consider hiring additional staff and/or outside services to ensure that a single employee does not have control of more than one of the following responsibilities: (1) authorization; (2) custody; (3) recordkeeping; and (4) reconciliation.

**CURRENT STATUS:** Unresolved. See finding 23-01

**22-02 – Preparation of Annual Financial Statements**

**CONDITION:** The Communications District's personnel do not have the capability to prepare annual financial statements, including footnote disclosures, in accordance with generally accepted accounting principles and do not have the skills and competencies necessary to prevent, detect, and correct a material misstatement.

**RECOMMENDATION:** The Communications District's personnel with direct responsibility for financial reporting should receive training in the preparation of annual financial statements, including footnote disclosures. The training should be sufficient to provide such personnel with the skills and competencies necessary to prevent, detect, and correct a material misstatement. Alternatively, the Communications District could hire a qualified CPA to prepare their financial statements for them.

**CURRENT STATUS:** Unresolved. See finding 23-02

**STATEWIDE  
AGREED-UPON PROCEDURES**

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## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Management of Madison Parish Communications District  
and the Louisiana Legislative Auditor,

We have performed the procedures enumerated below, which were agreed to by the Madison Parish Communications District and the Louisiana Legislative Auditor (LLA), solely to assist the users in evaluating management's assertions about the Madison Parish Communications District's compliance with certain laws and regulations during the fiscal year ended December 31, 2023, included in the Louisiana Legislative Auditor – Statewide Agreed-Upon Procedures (SAUPs). The Madison Parish Communications District's management is responsible for those control and compliance (C/C) areas identified in the SAUPs.

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 Governmental Auditing Standards. The sufficiency of these procedures is solely the responsibility of the specified users of the 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 whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations.
  - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
  - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.
  - c) **Disbursements**, including processing, reviewing, and approving.

-continued

**Written Policies and Procedures - continued**

- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-11121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirements that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to non-profits.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Information Technology 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.
- l) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

*The Madison Parish Communications District has established policies and procedures for the above listed items, but none of them are written.*

-continued

### **Board or Finance Committee**

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

- a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

*The Board of Commissioners were able to meet with a quorum for all required quarterly meetings.*

- b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

*The Communications District did not adopt a budget until late into the year. Consequently, no minutes referenced or included budget-to-actual comparisons.*

- c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

*The Communications District did not have a negative ending unassigned fund balance.*

- d) Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

*The minutes did not contain updates of the progress of resolving audit findings.*

### **Bank Reconciliations**

3. Obtain a listing of the entity's bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

4.

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged).
- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

-continued

**Bank Reconciliations - continued**

- 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.

*The entity has only one bank account which was reconciled each month of the year. There were no reconciling items that had been outstanding for more than 12 months.*

**Collections (excluding EFTs)**

5. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
6. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
- a) Employees that are responsible for cash collections do not share cash drawers/registers.
  - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.
  - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
  - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.
7. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.
8. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
- a) Observe that receipts are sequentially pre-numbered.
  - b) Trace sequentially pre-numbered receipts, systems report, and other related collection documentation to the deposit slip.

-continued

**Collections - continued**

- c) Trace the deposit slip total to the actual deposit per the bank statement.
- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
- e) Trace the actual deposit per the bank statement to the general ledger.

*The Communications District does not collect cash and therefore does not have a cash drawer. The Communications District has only one employee and she is responsible for preparing bank deposits and reconciling collection documentation. The Communications District does not use pre-numbered collection receipts. The Communications District is not covered by a bond. The Communications District only had one bank account; therefore (2) deposits were tested for that bank account.*

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

- 9. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
- 10. For each location selected under #9 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee jobs duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
  - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
  - b) At least two employees are involved in processing and approving payments to vendors.
  - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files unless another employee is responsible for periodically reviewing changes to vendor files.
  - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
  - e) Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.
- 11. For each location selected under #9 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

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

- a) Observe that the disbursement matched the related original invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.
  - b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.
12. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

*Procedures for processing disbursements do not include requisitions, purchase orders, or receiving reports. The Communications District has one employee who is responsible for all purchases.*

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

*The following procedures were not performed since the Madison Parish Communications District does not use any credit/debit/fuel cards.*

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

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

16. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- a) If reimbursed using a per diem, observe the approved reimbursement rate to no more than those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov))
  - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
  - c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
  - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

*The Communications District had one travel or travel-related expense reimbursements. The transaction was selected, and the above procedures were performed. No exceptions were noted in these tests.*

**Contracts**

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

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**Contracts - continued**

- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

*The Communications District had three contracts. All three were selected, and the above procedures were performed. No exceptions were noted in these tests.*

**Payroll and Personnel**

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

*During the fiscal year ended December 31, 2023, the Communications District had only one full-time employee and no temporary, part-time employees. The above procedures were performed for the full-time employee, and no exceptions were observed.*

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### **Ethics**

22. Using the 5 randomly selected employees/officials from procedure #18 under "Payroll and Personnel" above obtain ethics documentation from management, and:

- a) Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

*All employees and Commissioners completed a one-hour ethics training course during the year.*

- b) Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

*There were not any changes to the ethics policy in the audit period.*

23. Inquire and/or observe whether entity has appointed an ethics designee as required by R.S. 42:1170.

*The District has an appointed ethics designee as required by R.S. 42:1170.*

### **Debt Service**

*The following procedures were not performed since the Communications District does not have any outstanding debts.*

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

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

### **Fraud Notice**

26. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

*The Communications District is not aware of any misappropriation of public funds.*

27. Observe that the entity has posted on its premises and website the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

*The Communications District has the required notice posted in the office.*

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**Information Technology Disaster Recovery/Business Continuity**

28. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**

- a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

*The Communications District performs weekly back-ups of critical data. We performed the procedure and discussed the results with management.*

- b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

*The Communications District performs weekly back-ups of critical data. We performed the procedure and discussed the results with management.*

- c) Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

*The Communications District has two computers in use currently and both have active antivirus software and operating systems are supported by the vendor. We performed the procedure and discussed the results with management.*

29. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in Payroll and Personnel procedure #19. Observe evidence that the selected terminated employees have been removed or disabled from the network.

*The District did not have any terminated employees during the fiscal year.*

30. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #18, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:1267<sup>25</sup>. The requirements are as follows:

- Hired before June 9, 2020 – completed the training; and
- Hired on or after June 9, 2020 – completed the training within 30 days of initial service or employment.

*The District did not have any cybersecurity training documentation from management.*

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**Prevention of Sexual Harassment**

31. Using the 5 randomly selected employees/officials from procedure #18 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

*The one full-time employee and all Commissioners completed one hour of sexual harassment training.*

32. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

*The sexual harassment policy was posted on the entity's premises.*

33. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:

- a) Number and percentage of public servants in the agency who have completed the training requirements; *100% of the employees and Commissioners completed the training.*
- b) Number of sexual harassment complaints received by the agency; *-0-*
- c) Number of complaints which resulted in a finding that sexual harassment occurred; *N/A*
- d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and. *N/A*
- e) Amount of time it took to resolve each complaint. *N/A*

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 control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

*The Halford Firm, PLLC*

Vicksburg, Mississippi  
August 15, 2024