

SABINE PARISH COMMUNICATIONS DISTRICT
(a component unit of Sabine Parish Police Jury)

ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2021

Sabine Parish Communications District
Annual Financial Report
June 30, 2021

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SABINE PARISH COMMUNICATIONS DISTRICT
MANY, LOUISIANA 71449

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021

As management of the Sabine Parish Communications District, Louisiana (the "District"), we offer the readers of the District's financial statements this narrative overview and analysis of the financial activities of the Sabine Parish Communications District as of and for the year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with the District's basic financial statements and supplementary information provided in this report in assessing the efficiency and effectiveness of our stewardship of public resources.

The District was determined to be a component unit of the Sabine Parish Police Jury. The accompanying financial statements present information only on the funds maintained by the Sabine Parish Communications District.

Financial Highlights

The Sabine Parish Communications District experienced an increase in its net position of \$81,374 during the year ended June 30, 2021. At June 30, 2021, the total assets of the District exceeded its liabilities by \$1,031,937 compared to \$950,563 at June 30, 2020.

The District's total general and program revenues were \$355,066 during the year ended June 30, 2021, compared to \$344,927 during the year ended December 31, 2018. This is an increase of \$10,139.

The District's governmental funds report total ending fund balance this year of \$952,140. This compares to the prior year ending fund balance of \$859,214, showing an increase of \$92,926 for the current year.

Overview of the Financial Statements

This annual report consists of three parts - management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the Sabine Parish Communications District:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District's governmental operations, reporting the District's operations in more detail than the government-wide statements.
- The governmental funds statements illustrate how general government services, like public safety, were financed in the short-term as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the financial statements and provide more data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

SABINE PARISH COMMUNICATIONS DISTRICT
MANY, LOUISIANA 71449

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021

Government-Wide Financial Statements

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

- The Statement of Net Position presents information on all of the District's assets and liabilities, with the difference between the two reported as "net position". Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.
- The Statement of Activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Therefore, some revenues and some expenses that are reported in this statement will not result in cash flows until future years.

Fund Financial Statements

The services provided by the District are financed through a governmental fund. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District conducts its day-to-day operations through a governmental fund, the General Fund. These statements provide a short-term view of the District's finances and assists in determining whether there will be adequate financial resources available to meet the current needs of the District.

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. The notes to the financial statements can be found immediately following the fund financial statements.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. The District adopts an annual budget for the general fund. A budgetary comparison statement is provided for the general fund to demonstrate budget compliance.

Other Supplementary Information

The schedule of compensation, benefits, and other payments to agency head is presented to fulfill the requirements of Louisiana Revised Statute 24:513(A)(3). There is also supplementary information to comply with Louisiana Revised Statute 33:9109E.

SABINE PARISH COMMUNICATIONS DISTRICT
MANY, LOUISIANA 71449

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021

Summary of Statement of Net Position

	<u>2021</u>	<u>2020</u>
ASSETS:		
Current and other assets	\$ 970,360	\$874,763
Capital assets, net of accumulated depreciation	<u>79,797</u>	<u>91,349</u>
Total Assets	<u>\$1,050,157</u>	<u>\$966,112</u>
LIABILITIES:		
Current liabilities	\$ <u>18,220</u>	\$ <u>15,549</u>
NET POSITION:		
Net investment in capital assets	\$ 79,797	\$ 91,349
Unrestricted	<u>952,140</u>	<u>859,214</u>
Total Net Position	<u>\$1,031,937</u>	<u>\$950,563</u>

- The District's assets exceeded its liabilities by \$1,031,937 (net position) for the year. This is an increase of \$81,374 from prior year.
- Unrestricted net position of \$952,140 represents the portion available to meet the ongoing obligations to the citizens of Sabine Parish.

Summary of Statement of Activities

	<u>2021</u>	<u>2020</u>
REVENUES:		
Program revenues	\$345,101	\$335,323
Grant revenues	0	0
General revenues	<u>9,965</u>	<u>9,604</u>
Total revenues	\$355,066	\$344,927
EXPENSES:		
Public safety	<u>273,692</u>	<u>240,498</u>
Change in net position	\$ <u>81,374</u>	\$ <u>104,429</u>

SABINE PARISH COMMUNICATIONS DISTRICT
MANY, LOUISIANA 71449

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021

- Total revenues increased by \$10,139 over the previous year.
- The function of the District is public safety. Total expenses increased \$33,194 or 13% from the prior year. Of the total costs, depreciation on the equipment and buildings was \$22,438 or 8% of total expenses.

General Fund Budgetary Highlights

Formal budgetary integration is employed as a management control device during the fiscal year. The budget policy of the District complies with state law, as amended and as set forth in Louisiana Revised Statutes Title 39, Chapter 9, Louisiana Local Government Budget Act (LSA - R.S. 39:1301 et seq.). The District amended the original budget primarily to accommodate for increased wireless fees and increased expenses for supplies. Actual revenues exceeded budgeted revenues by \$4,986 (1.42%) and actual expenditures were less than budgeted expenditures by \$4,852 (1.82%). The District is in compliance with the Louisiana Local Government Budget Act.

Capital Assets

The Sabine Parish Communications District's investment in capital assets for its governmental activities as of June 30, 2021 totaled \$79,797 (net of accumulated depreciation of \$158,312).

Economic Factors and Next Year's Budget

The District is dependent on E911 fees from telephone customers and \$10 permit fees to obtain electric service for approximately 99 percent of its revenues. For the fiscal year ending June 30, 2022, the following factors were considered when the budget was prepared:

- The District expects slow growth in revenues.
- The District expects an increase in expenses as the next generation of 911 services is implemented.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. Any questions about this report or requests for additional information may be directed to the Sabine Parish Communications District, P. O. Box 550, Many, Louisiana 71449.

T | C | B | T
THOMAS, CUNNINGHAM, BROADWAY & TODTENBIER
Certified Public Accountants

Eddie G. Johnson, CPA - A Professional Corporation (1927-1996)

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Sabine Parish Communications District
Many, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and major fund of the Sabine Parish Communications District (the "District"), a component unit of the Sabine Parish Police Jury, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express 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 and the *Louisiana Governmental Audit Guide*. 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 opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the District as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 1 through 4 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 Management's Discussion and Analysis 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 basic financial statements of the District's primary government. The Budgetary Comparison Schedule and the Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer listed as required/other supplementary information in the Table of Contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Budgetary Comparison Schedule and the Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 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 Budgetary Comparison Schedule and the Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer are fairly stated in all material respects in relation to the 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 September 30, 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.

Thomas, Cunningham, Broadway + Todtenbier, CPA's

Thomas, Cunningham, Broadway, & Todtenbier, CPA's
Natchitoches, Louisiana

September 30, 2021

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE
FINANCIAL STATEMENTS

Sabine Parish Communications District
Statement of Net Position
June 30, 2021

	Governmental <u>Activities</u>
ASSETS:	
Current assets-	
Cash and cash equivalents	\$ 871,266
Receivables	75,040
Prepaid expenses	<u>24,054</u>
Total current assets	<u>\$ 970,360</u>
Non-current assets-	
Capital assets (net of depreciation)	\$ <u>79,797</u>
Total assets	<u>\$1,050,157</u>
LIABILITIES:	
Current-	
Accounts payable	\$ 3,008
Accrued payroll	<u>15,212</u>
Total liabilities	<u>\$ 18,220</u>
NET POSITION:	
Net investment in capital assets	\$ 79,797
Unrestricted	<u>952,140</u>
Total net position	<u>\$1,031,937</u>

See independent auditors' report and notes to financial statements.

Sabine Parish Communications District
Statement of Activities
June 30, 2021

<u>Activities</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position Governmental Activities</u>
		Charges for Services	Operating Grants and Contributions	
Governmental activities:				
Public Safety	\$ <u>273,692</u>	\$ <u>345,101</u>	\$ <u>0</u>	\$ <u>71,409</u>
		General Revenues:		
				\$ 3,008
				<u>6,957</u>
			Total general revenues	\$ <u>9,965</u>
			Change in net position	\$ 81,374
			Net position, beginning of year	<u>950,563</u>
			Net position, end of year	\$ <u>1,031,937</u>

See independent auditors' report and notes to financial statements.

FUND FINANCIAL STATEMENTS

Sabine Parish Communications District
Balance Sheet-Governmental Fund
June 30, 2021

Assets:

Cash and cash equivalents	\$871,266
Receivables	75,040
Prepaid expenses	<u>24,054</u>
Total assets	<u>\$970,360</u>

Liabilities:

Accounts payable	\$ 3,008
Accrued payroll	<u>15,212</u>
Total liabilities	<u>\$ 18,220</u>

Fund Balance:

Nonspendable	\$ 24,054
Unassigned	<u>928,086</u>
Total fund balance	<u>\$952,140</u>

Total liabilities and fund balance	<u>\$970,360</u>
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See independent auditors' report and notes to financial statements.

Sabine Parish Communications District
Reconciliation of the Governmental Fund
Balance Sheet to the Statement of Net Position
June 30, 2021

Total Governmental Fund Balance at June 30, 2021	\$ 952,140
Amounts reported for Governmental Activities in the Statement of Net Position are different because:	
Capital assets used in Governmental Activities are not current financial resources and, therefore, are not reported in the this fund financial statement but are reported in the governmental activities of the Statement of Net Position-	
Capital Assets	238,109
Less: Accumulated Depreciation	<u>(158,312)</u>
Total Net Position of Governmental Activities at June 30, 2021	<u>\$1,031,937</u>

See independent auditors' report and notes to financial statements.

Sabine Parish Communications District
Statement of Revenues, Expenditures and Changes in Fund Balance-
Governmental Fund
Year Ended June 30, 2021

REVENUES:	
911 user fees:	
Landlines	\$ 44,709
Wireless	222,172
Prepaid wireless	59,140
Permit fees	19,080
Miscellaneous income	6,957
Interest income	<u>3,008</u>
Total revenues	<u>\$355,066</u>
EXPENDITURES:	
General government-	
Public Safety-	
Personnel and related benefits	\$187,097
Equipment service	34,211
Automobile expense	2,079
Utilities: Telephone	2,355
Supplies	14,483
Other costs	11,029
Capital outlay	<u>10,886</u>
Total expenditures	<u>\$262,140</u>
Excess of revenues over expenditures	\$ 92,926
Fund Balance, beginning of year	<u>859,214</u>
Fund Balance, end of year	<u>\$952,140</u>

See independent auditors' report and notes to financial statements.

Sabine Parish Communications District
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balance of the Governmental Fund
to the Statement of Activities
for the Year Ended June 30, 2021

Net Change in Fund Balance-Governmental Fund \$ 92,926

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

Capital outlays are reported in governmental funds as expenditures.
However, in the Statement of Activities, the cost of those assets is
allocated over their estimated useful lives as depreciation expense.
The cost of capital assets recorded in the current period is 10,886

Depreciation expense on capital assets is reported in the Government-
wide financial statements, but does not require the use of current
financial resources and is not reported in the fund financial statements.
Current year depreciation expense is (22,438)

Total Change in Net Position, per Statement of Activities \$ 81,374

See independent auditors' report and notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

Sabine Parish Communications District
Notes to Financial Statements
June 30, 2021

Introduction:

The Sabine Parish Communications District (the “District”) was created on June 19, 1991, by an ordinance of the Sabine Parish Police Jury, to provide an Enhanced Emergency 911 Service for Sabine Parish. The District is a political subdivision of the Sabine Parish Police Jury, whose jurors are elected officials. The District’s Board members are appointed by the Sabine Parish Police Jury.

1. Summary of Significant Accounting Policies:

The accounting and reporting policies of the District conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The accounting and reporting policies of the District conform to the requirements of Louisiana Revised Statutes 24:517 and to the guidance set forth in the *Louisiana Governmental Audit Guide*.

The following is a summary of the District’s significant policies:

A. Reporting Entity-

The accompanying financial statements present the District’s funds and activities. As required by GAAP, these financial statements present the District as a component unit of the Sabine Parish Police Jury. Based on the criteria listed below, the Police Jury is considered a primary government. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. A primary government is financially accountable for an organization if (a) it appoints a voting majority of the organization’s governing board; (b) it is able to impose its will on the organization; or (c) there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the primary government. Based upon these criteria, the District is considered to be a component unit of the Sabine Parish Police Jury and is disclosed as such in the Police Jury’s financial statements. There are no other governmental entities that should be included in these financial statements. The accompanying financial statements consist only of the funds of the Sabine Parish Communications District and do not present information on the Sabine Parish Police Jury.

B. Basis of Presentation-

The District’s Basic Financial Statements have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Basic Financial Statements consist of Government-wide Financial Statements, including a Statement of Net Position and a Statement of Activities, and Fund Financial Statements, which provide a more detailed level of financial information. Both the Government-wide and the Fund Financial Statements categorize activities as either governmental activities or business-type activities.

The District uses funds to maintain its financial records during the year. Each fund is accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. The individual funds account for the governmental resources allocated to them for the purpose of carrying on specific activities in accordance with laws, regulations, or other restrictions. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

Sabine Parish Communications District
Notes to Financial Statements
June 30, 2021

1. Summary of Significant Accounting Policies (continued):

C. Fund Accounting-

The financial transactions of the District are recorded in individual funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balance accounts that includes its assets, liabilities, fund equity, revenues and expenditures/expenses. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds maintained is consistent with legal and managerial requirements.

The District uses the following fund categories and fund types:

Governmental Funds:

Governmental funds account for the District's general governmental activities, including the collection and disbursement of specific and legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term debt.

Governmental funds are divided into major and nonmajor funds. Major funds are funds that meet certain dollar tests of their assets, liabilities, revenues, and expenditures. Major funds are larger, more significant funds. Nonmajor funds are the governmental funds that do not meet the dollar tests for major funds. The District has only one governmental fund.

General Fund - The General Fund, as provided by Louisiana Revised Statute 47:1906, is the primary operating fund and is used to account for the operations of the District. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to the District's policy.

D. Measurement Focus/Basis of Accounting-

Basis of accounting refers to when 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.

The District's basic financial statements consist of (a) government-wide financial statements, including a statement of net position and a statement of activities, and (b) fund financial statements, which provide a more detailed level of financial information.

Accrual Basis - Government-Wide Financial Statements (GWFS)

The Statement of Net Position and the Statement of Activities display information about the District as a whole. Both of these statements have been prepared using the economic measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place (regardless of when cash is received or disbursed). Non-exchange transactions are recognized when the District has an enforceable legal claim to the revenues, expenses, gains, losses, assets and liabilities.

Sabine Parish Communications District
Notes to Financial Statements
June 30, 2021

1. Summary of Significant Accounting Policies (continued):

Modified Accrual Basis - Fund Financial Statements (FFS)

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., when they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers all revenues "available" if collected within 60 days after year-end. Expenditures are generally recorded under the modified accrual basis of accounting when the related liability is incurred. The exceptions to this general rule are that (1) unmatured principal and interest on long-term debt, if any, are recorded when due and (2) claims and judgments and compensated absences are recorded as expenditures when paid with expendable available financial resources.

E. Cash and Cash Equivalents-

For purposes of the Statement of Net Position, cash includes amounts in demand accounts and interest-bearing demand deposits. Under state law, the District may deposit funds with a fiscal agent organized under the laws of Louisiana, the laws of any other state in the union, or the laws of the United States. The District may invest in United States bonds, treasury notes and bills, government-backed agency securities, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. Investments are stated at cost, which approximates market value.

F. Accounts Receivable-

Major receivables for the governmental activities include telephone tariff fees. Substantially all receivables are considered to be fully collectible, and no allowance for uncollectibles is used.

G. Prepaid Expenses-

Certain payments made to vendors for services reflect costs applicable to future accounting periods and are recorded as prepaid expenses in both government-wide and fund financial statements.

H. Capital Assets-

Capital assets, which include property, plant, and equipment, are reported in the governmental activities in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The District maintains a threshold level of \$2,500 or more for capitalizing capital assets. The costs of normal maintenance and repairs that do not add to the value of that asset or materially extend the life of that asset are not capitalized.

Sabine Parish Communications District
Notes to Financial Statements
June 30, 2021

1. Summary of Significant Accounting Policies (continued):

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. All capital assets are depreciated using the straight-line method over their estimated useful lives, which vary from 3 to 15 years.

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

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 borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net resources with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provision or enabling legislation.
- c. Unrestricted net position - All other net resources that do not meet the definition of "restricted" or "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.

In the fund statements, governmental fund equity is classified as fund balance and displayed in five components. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- a. Nonspendable fund balance - amounts that are not in a spendable form (such as prepaid expenses) 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 provisions, or by enabling legislation;
- c. Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;

Sabine Parish Communications District
Notes to Financial Statements
June 30, 2021

1. Summary of Significant Accounting Policies (continued):

- d. Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- e. Unassigned fund balance - amounts that are available for any purpose; positive amounts are reported only in the general fund.

The General Fund has an unassigned fund balance of \$928,086. If applicable, the District would typically use restricted fund balances first, followed by committed resources and assigned resources as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first and to defer the use of these other classified funds. The Board of Directors establishes (and modifies or rescinds) fund balance commitments and assignments by passage of an ordinance or resolution.

J. 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.

K. Deferred Outflows of Resources and Deferred Inflows of Resources-

In some instances, the GASB requires a government to delay recognition of decreases in net position as expenditures until a future period. In other instances, governments are required to delay recognition of increases in net position as revenues until a future period. In these circumstances, deferred outflows of resources and deferred inflows of resources result from the delayed recognition of expenditures or revenues, respectively. There were no deferred inflows or outflows as of June 30, 2021.

L. Budget-

Prior to the beginning of each fiscal year, the District adopts a budget for the next fiscal year. The budget is open for public inspection. All budgetary appropriations lapse at the end of the fiscal year. The budget is prepared on the modified accrual basis of accounting.

M. Income Taxes-

The District operates as a political subdivision created by the Sabine Parish Police Jury; therefore, it is exempt from income tax and is not required to file an annual information return.

Sabine Parish Communications District
Notes to Financial Statements
June 30, 2021

1. Summary of Significant Accounting Policies (continued):

N. New Accounting Pronouncement-

The Governmental Accounting Standards Board (GASB) adopted GASB Statement No. 87, *Leases*, which increased the usefulness of government's financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows and resources or outflows of resources based on the payment provisions of the contract. The Statement establishes a single model for lease accounting based on the fundamental principle that leases are financings of the right to use an underlying asset. The provisions of GASB Statement No. 87 are effective for fiscal years beginning after June 15, 2021. The effects of implementation of this Statement or its applicability on the District's financial statements have not yet been determined.

2. Cash and Cash Equivalents:

At June 30, 2021, the District has cash and cash equivalents totaling \$871,266 (book balance), which includes \$540,682 in an interest bearing checking account, \$100 in petty cash, and \$330,484 in certificates of deposit.

The cash and interest-bearing deposits of the District are subject to the following risks:

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the District will not be able to recover its deposits. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal or exceed 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. Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the District that the fiscal agent bank has failed to pay deposited funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the District's name.

At June 30, 2021, the District has \$891,745 in deposits (collected bank balances). These deposits are secured from risk by \$580,484 of federal deposit insurance, and the remaining \$311,261 is secured with pledged marketable securities by the custodial banks.

3. Receivables:

The following is a summary of receivables at June 30, 2021:

911 User Fees - landlines	\$ 3,879
911 User Fees - wireless	55,684
911 User Fees - prepaid wireless	14,839
Permits	400
Interest Receivable	<u>238</u>
Total Other Receivables	<u>\$75,040</u>

Sabine Parish Communications District
Notes to Financial Statements
June 30, 2021

4. Capital Assets:

Capital asset balances and activity for the year ended June 30, 2021, is as follows:

Governmental Activities	Balance 6/30/2020	Additions	Deletions	Balance 6/30/2021
Capital assets being depreciated:				
Buildings improvements	\$ 17,571	\$ 0	\$0	\$ 17,571
Equipment and furnishings	158,181	10,886	0	169,067
Vehicles	51,471	0	0	51,471
Total capital assets being depreciated:	<u>\$227,223</u>	<u>\$ 10,886</u>	<u>\$0</u>	<u>\$238,109</u>
Less accumulated depreciation:				
Buildings and improvements	\$ 17,571	\$ 0	\$0	\$ 17,571
Equipment and furnishings	91,724	16,638	0	108,362
Vehicles	26,579	5,800	0	32,379
Total accumulated depreciation	<u>\$135,874</u>	<u>\$ 22,438</u>	<u>\$0</u>	<u>\$158,312</u>
Governmental activities capital assets, net	<u>\$ 91,349</u>	<u>\$(11,552)</u>	<u>\$0</u>	<u>\$ 79,797</u>

Depreciation expense of \$22,438 was charged to Public Safety.

5. 911 User Fees

The District is authorized to levy and collect a fee based on landline telephone tariffs in Sabine Parish to provide funding. The District has entered into agreements with various telephone companies to collect a 5% fee beginning January 1, 1992. The telephone companies charge the District a 1% fee for this collection service.

Louisiana Act 1029 of 1999 authorizes the District to levy an emergency telephone service charge on certain wireless communication systems to pay the costs of implementing FCC ordered enhancements to E911 systems. Beginning July 1, 2002, the District has levied an 85 cents per month fee on wireless customers to future implementation of wireless E911 service. Phase Two implementation of wireless E911 service was complete as of June 30, 2008.

Effective January 1, 2017, the District implemented the provisions of Louisiana Act 665 an Act 590 of 2016, which increased the monthly wireless fee to \$1.25, in part to provide resources to plan and implement the next generation of 911 services (NG911). The District is currently in the process of collecting the needed information so that planning for implementation of NG911 can begin.

6. Permit Fees

Beginning June 1, 1999, the District began to collect a \$10 permit fee for all 911 permits issued.

Sabine Parish Communications District
Notes to Financial Statements
June 30, 2021

7. Personnel Costs

The District's employees are paid by the Sabine Parish Sheriff's Office and the Sheriff is reimbursed by the District for the related payroll costs, including salaries, payroll taxes, retirement, and medical insurance.

8. Facility Costs

The District's office is located in the Sabine Parish Courthouse in Many, Louisiana. Expenditures for operation and maintenance of the parish courthouse, as required by Louisiana law, are paid by the Sabine Parish Police Jury.

9. Compensation Paid to Board Members

The Board of Directors received no compensation or per diem for the year ended June 30, 2021.

10. Pending Litigation

The Sabine Parish Communications District is not involved in any litigation at June 30, 2021.

11. Risk Management

The District is exposed to various risks of loss related to limited torts, theft of or damage to assets, errors and omissions, injuries to employees, and natural disasters. To handle some of the risk, the District maintains surety bond coverage. There were no significant changes to insurance coverage during the year ended June 30, 2021. Settled claims have not exceeded commercial coverages in any of the previous three fiscal years.

12. Commitments and Contingencies:

The District has agreements with AT&T for equipment, software, maintenance, trunk lines, and services needed to provide 911 service. During June 2019, the District upgraded the Public Safety Answering Point equipment and related software for \$55,048. Prepaid expenses of \$22,559 at June 30, 2021 relate to prepaid maintenance of hardware and software for the next four years. AT&T also bills the District for 911 services at the rate of \$835 per month as of June 30, 2021.

13. Subsequent Events:

Management has evaluated events through September 30, 2021, the date which the financial statements were available to be issued. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

Sabine Parish Communications District
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2021

	<u>Budget</u>		<u>Actual</u>	Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
REVENUES:				
911 User Fees:				
Landlines	\$ 45,000	\$ 45,000	\$ 44,709	\$ (291)
Wireless	210,000	218,000	222,172	4,172
Prepaid wireless	61,000	59,000	59,140	140
Permit fees	18,480	18,480	19,080	600
Miscellaneous revenue	2,660	6,600	6,957	357
Interest income	<u>6,000</u>	<u>3,000</u>	<u>3,008</u>	<u>8</u>
Total Revenues	<u>\$343,140</u>	<u>\$350,080</u>	<u>\$355,066</u>	<u>\$ 4,986</u>
EXPENDITURES:				
General Government-				
Public Safety:				
Personnel costs	\$185,000	\$185,100	\$187,097	\$ (1,997)
Equipment services	31,700	41,000	34,211	6,789
Automobile expense	3,600	3,100	2,079	1,021
Utilities: Telephone	2,400	2,400	2,355	45
Collection fees	2,400	2,400	0	2,400
Supplies	10,000	18,000	14,483	3,517
Other costs	15,810	14,992	11,029	3,963
Capital Outlay	<u>0</u>	<u>0</u>	<u>10,886</u>	<u>(10,886)</u>
Total Expenditures	<u>\$250,910</u>	<u>\$266,992</u>	<u>\$262,140</u>	<u>\$ 4,852</u>
Excess of Revenues over Expenditures	\$ 92,230	\$ 83,088	\$ 92,926	\$ 9,838
Fund Balance-Beginning of Year	<u>859,214</u>	<u>859,214</u>	<u>859,214</u>	<u>0</u>
Fund Balance-End of Year	<u>\$951,444</u>	<u>\$942,302</u>	<u>\$952,140</u>	<u>\$ 9,838</u>

See independent auditors' report and notes to financial statements.

Sabine Parish Communications District
Notes to Budgetary Comparison Schedule
For the Year Ended June 30, 2021

General Budget Policies

The Communications District is required by state law to adopt an annual budget. The following procedures are followed in establishing the budgetary data reflected in the financial statements.

A proposed budget is prepared by the governing board in May and made available for public inspection no later than 15 days prior to June 30 of each year. In open meeting prior to June 30, the budget is adopted and becomes part of the official minutes of the Communications District. The proposed budget for the General Fund is prepared on the modified accrual basis of accounting.

Once a budget is approved, it can be amended by approval of a majority of the Board. Amendments are presented at a regular open meeting for Board approval. The budget was amended once during the year.

Budget Basis of Accounting

The general fund budget is prepared on the modified accrual basis of accounting. Budgeted amounts are as originally adopted or as amended by the Board. Legally, the Board must adopt a balanced budget, that is, total budgeted revenues and other financing sources including fund balance must equal or exceed total budgeted expenditures and other financing uses.

The Louisiana Local Government Budget Act provides that “the total proposed expenditures shall not exceed the total of estimated funds available for the ensuing year.” The “total estimated funds available” is the sum of the respective estimated fund balances at the beginning of the year and the anticipated revenues for the current year. Amendments to the adopted budget are required if total revenues fail to meet budgeted revenues by 5% or more, and/or total actual expenditures exceed total budgeted expenditures by 5% or more.

See independent auditors’ report and notes to financial statements.

Sabine Parish Communications District
Schedule of Compensation, Benefits and Other Payments to
Agency Head or Chief Executive Officer
For the Year Ended June 30, 2021

Agency Head Name: P. M. Woods, Chairman of the Board of Directors

No compensation, benefits or other payments were made to the Board Chairman.

See independent auditor's report and notes to the financial statements.

Sabine Parish Communications District
Supplementary Information in Accordance with
Louisiana Revised Statute 33:9109E
For the Year Ended June 30, 2021

In accordance with Louisiana Revised Statute 33:9109E, the Sabine Parish Communications District is authorized to collect emergency telephone service charges on wireless communications systems to pay the cost 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. All Phase I and Phase II system implementation requirements are complete. The District is currently in the process of collecting the needed information so that planning for implementation of NG911 can begin.

During the year ended June 30, 2021, the District collected wireless fees totaling \$222,172, as well as \$59,140 from prepaid wireless service providers.

See independent auditor's report and notes to the financial statements.

T | C | B | T
THOMAS, CUNNINGHAM, BROADWAY & TODTENBIER
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

The Board of Directors
Sabine Parish Communications District
Many, 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 and the *Louisiana Governmental Audit Guide*, the financial statements of the governmental activities and major fund of the Sabine Parish Communications District (the "District"), a component unit of the Sabine Parish Police Jury, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated September 30, 2021.

Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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 over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We identified one deficiency in internal control that we consider to be a significant deficiency, described in the accompanying Schedule of Audit Findings as *Item 2021-001 - Segregation of Duties*.

Compliance and Other Matters

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

Management's Response to Finding

Sabine Parish Communications District's response to the finding identified in our audit is described in the accompanying Schedule of Audit Findings. This response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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. However, this report is a matter of public record and its distribution is not limited. Under Louisiana Revised Statute 25:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Thomas, Cunningham Broadway + Todtenbier, CPA's

Thomas, Cunningham, Broadway, & Todtenbier, CPA's
Natchitoches, Louisiana

September 30, 2021

Sabine Parish Communications District
Schedule of Audit Findings and Responses
Year Ended June 30, 2021

I. SUMMARY OF AUDIT RESULTS

The following summarize the audit results:

1. An unmodified opinion was issued on the financial statements of the Sabine Parish Communications District as of and for the year ended June 30, 2021.
2. The audit disclosed one significant deficiency in internal control which was not determined to be a material weakness, identified as finding 2021-001 - *Segregation of Duties*.
3. The audit disclosed no instances of noncompliance required to be reported under *Government Auditing Standards*.

II. FINDINGS IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Internal Control-

2021-001 Segregation of Duties

Criteria - Proper internal controls dictate that duties be segregated so that no one individual performs or controls all duties related to the accounting system.

Condition - Our evaluation of the District's internal control structure revealed an absence of appropriate segregation of duties with respect to all areas of the accounting function and the lack of personnel available to prepare financial statements.

Cause - The District does not have a sufficient number of employees to adequately separate accounting duties or to prepare the District's annual financial statements with related note disclosures.

Effect - Without adequate segregation of duties and oversight, intentional or unintentional errors could be made and not detected within the accounting system.

Recommendation - Keeping in mind the limited number of employees to which duties can be assigned, and since the costs associated with establishing an appropriate system of internal control should not outweigh the benefits derived from it, the District should closely monitor assignment of duties to assure as much segregation of duties and responsibilities as possible.

Management's Response - Management has provided as much segregation as possible with the resources available and will continue to monitor assignment and segregation of duties. In addition, we have evaluated the cost/benefit of establishing a system to prepare our annual financial statements and have determined it is in the best interest of the District to have our independent auditors prepare our annual financial statements. We understand that we should review the financial statements and notes, and accept responsibility for their contents and presentation.

III. PRIOR YEAR AUDIT FINDINGS

None.