

Tangipahoa Communications District Number One
Tangipahoa Parish Council

Annual Financial Statements

As of and for the Year Then Ended December 31, 2013
With Supplemental Information Schedules

Tangipahoa Communications District Number One

**Annual Financial Statements
As of and for the Year Ended December 31, 2013
With Supplemental Information Schedules**

TABLE OF CONTENTS

	Statement	Page
Independent Auditor's Report		5
Required Supplemental Information (Part I):		
Management's Discussion and Analysis.....		8
Basic Financial Statements:		
Government-Wide Financial Statements:		
Statement of Net Position	A	15
Statement of Activities	B	16
Fund Financial Statements:		
Governmental Funds Financial Statements:		
Balance Sheet, Governmental Funds	C	18
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Financial Statement of Net Position.....	D	19
Statement of Revenues, Expenditures, and Changes in Fund Balances.....	E	20
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	F	21
Notes to the Financial Statements		23

Tangipahoa Communications District Number One

**Annual Financial Statements
As of and for the Year Ended December 31, 2013
With Supplemental Information Schedules**

TABLE OF CONTENTS

	Schedule	Page
Required Supplemental Information (Part II):		
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual General Fund.....	1	38
Other Supplemental Schedules:		
Schedule of Compensation Paid to the Board of Commissioners.....	2	40
Schedule of Findings and Questioned Costs.....	3	41
Summary Schedule of Prior Year Audit Findings.....	4	42
Corrective Action Plan for Current Year Audit Findings.....	5	43
Independent Auditor's Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		44

This Page Intentionally Left Blank

Bruce C. Harrell, CPA

Dale H. Jones, CPA
Michael P. Estay, CPA
Kristi U. Bergeron, CPA
Jessica H. Jones, CPA

INTERNET
www.teamcpa.com

MEMBERS
American Institute of CPAs
Society of Louisiana CPAs



BRUCE HARRELL
and COMPANY

CERTIFIED PUBLIC ACCOUNTANTS
A Professional Accounting Corporation

109 West Minnesota Park
Park Place Suite 7
Hammond, LA 70403
VOICE: (985) 542-6372
FAX: (985) 345-3156

KENTWOOD OFFICE
P.O. Box 45 - 909 Avenue G
Kentwood, LA 70444
VOICE: (985) 229-5955
FAX: (985) 229-5951

Independent Auditor's Report

To Mr. Ira Brown, Chairman and Members of the Board of Commissioners
Tangipahoa Communications District Number One
Tangipahoa Parish Council
Amite, Louisiana 70422

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities of Tangipahoa Communications District Number One (the "District"), a component unit of the Tangipahoa Parish Council, Louisiana, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Tangipahoa Communications District Number One's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

BRUCE HARRELL & CO.
CERTIFIED PUBLIC ACCOUNTANTS
A Professional Accounting Corporation

Mr. Ira Brown, Chairman
And Members of the Board of Commissioners
Page 2

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of Tangipahoa Communications District Number One, as of December 31, 2013, and the respective changes in the financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters – Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 8–13 and 38 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2014, on our consideration of the Tangipahoa Communications District Number One'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 Tangipahoa Communications District Number One's internal control over financial reporting and compliance.



Bruce Harrell & Company, CPAs
A Professional Accounting Corporation

June 30, 2014

Required Supplemental Information (Part I)

Management's Discussion and Analysis

Tangipahoa Communications District Number One

Management's Discussion and Analysis As of and for the Year Ended December 31, 2013

Introduction

The Tangipahoa Communications District Number One (the District) is pleased to present its Annual Financial Statements developed in compliance with Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - Management's Discussion and Analysis - For State and Local Governments* (GASB 34), and with current standards as more fully described in the financial statement footnotes as *Footnote 1. Summary of Significant Accounting Policies – Section D "Measurement Focus, Basis of Accounting, and Financial Statement Presentation"*.

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

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

Financial Highlights

- At December 31, 2013, the District's assets of \$3,158,961 exceeded its liabilities by \$3,070,199 (net position). Of this amount, \$1,916,398 (unrestricted net position) may be used to meet the District's ongoing obligations to its citizens.
- For the year ended December 31, 2013, the District's total net position increased by \$43,805.
- For the fiscal year ending December 31, 2013, telephone charges decreased to \$1,265,798 representing a decrease of \$47,690 from the prior fiscal year.
- At December 31, 2013, the District's program expenses, which excludes capital outlay, increased by \$93,718 totaling \$1,384,337 at fiscal year-end. The greatest increase was in employee wages and benefits of \$42,821, depreciation of \$36,627, and repairs and maintenance of \$12,368.
- Interest income for the year ended December 31, 2013 totaled \$18,787, representing an increase of \$2,594 from the prior fiscal year.

Overview of the Annual Financial Report

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

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

Tangipahoa Communications District Number One

Management's Discussion and Analysis As of and for the Year Ended December 31, 2013

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances in a manner similar to a private-sector business. Governmental activities are supported by telephone charges and intergovernmental revenue. If the District determines that presentation of a component unit (which are other governmental units for which the District can exercise significant influences or for which the Primary Government financial statements would be misleading if component unit information is not presented) is necessary to allow the reader to determine the relationship of the component unit and primary government, the component unit information is presented in a separate column of the financial statements or in a separate footnote. For the current fiscal year, the Tangipahoa Communications District Number One has no component units.

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

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

Fund Financial Statements

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

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

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

Tangipahoa Communications District Number One

Management's Discussion and Analysis As of and for the Year Ended December 31, 2013

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes present information about the District's accounting policies, significant account balances and activities, commitments, contingencies, and subsequent events.

Government-Wide Financial Analysis

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

Condensed Statement of Net Position 2013 and 2012

	Governmental Activities			
	2013	2012		
Assets:				
Current and Other Assets	\$ 2,005,160	\$ 2,146,321	\$ (141,161)	-7%
Capital Assets	1,153,801	1,268,597	(114,796)	-9%
Total Assets	3,158,961	3,414,918	(255,957)	-7%
Liabilities:				
Long-Term Debt Outstanding	-	-	-	-
Other Liabilities	60,979	360,741	(299,762)	-83%
Total Liabilities	60,979	360,741	(299,762)	-83%
Deferred Inflows of Resources:				
Unearned Revenue	27,783	27,783	-	-
Total Deferred Inflows of Resources	27,783	27,783	-	-
Net Position:				
Net Invested in Capital Assets	1,153,801	1,268,597	(114,796)	-9%
Restricted	-	-	-	-
Unrestricted	1,916,398	1,757,797	158,601	9%
Total Net Position	\$ 3,070,199	\$ 3,026,394	\$ 43,805	1%

The major components of change for "Current and Other Assets" are an approximate \$124,840 decrease in the combined assets of cash and the certificates of deposit held in investments.

"Capital Assets", decreased by approximately \$114,800 reflecting the addition of assets of \$63,481 less the depreciation recorded on capital assets of \$178,277. Additions included \$24,827 for a vehicle and \$38,654 for computers, security system, and installation.

"Total Net Position" (total assets less total liabilities) increased by \$43,805 for the fiscal year ending December 31, 2013, reflecting a three percent decrease in revenue and a seven percent increase in expenses, excluding capital outlays.

At the end of the current fiscal year, the District was able to report positive balances in all categories of net position, both for the District as a whole, as well as for governmental activities. The same held true for the prior fiscal year.

Tangipahoa Communications District Number One

**Management's Discussion and Analysis
As of and for the Year Ended December 31, 2013**

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

**Condensed Statement of Changes in Net Position
For the years ended December 31, 2013 and 2012**

	<u>Governmental Activities</u>		<u>Variance</u>	
	<u>2013</u>	<u>2012</u>		
Revenues:				
Program Revenues:				
Charges for Services	\$ 1,265,798	\$ 1,313,488	\$ (47,690)	-4%
Operating Grants and Contributions	-	11,845	(11,845)	-100%
General Revenues:				
Intergovernmental	142,232	119,328	22,904	19%
Interest Income	18,787	16,193	2,594	16%
Miscellaneous	1,325	6,041	(4,716)	-78%
Total Revenues	<u>1,428,142</u>	<u>1,466,895</u>	<u>(38,753)</u>	-3%
Expenses:				
General Government - Communication District Services	1,384,337	1,290,619	93,718	7%
Total Expenses	<u>1,384,337</u>	<u>1,290,619</u>	<u>93,718</u>	7%
Change in Net Position	<u>43,805</u>	<u>176,276</u>	<u>(132,471)</u>	-75%
Net Position, Beginning	<u>3,026,394</u>	<u>2,850,118</u>	<u>176,276</u>	6%
Net Position, Ending	<u>\$ 3,070,199</u>	<u>\$ 3,026,394</u>	<u>\$ 43,805</u>	1%

While the Statement of Net Position shows the change in financial position of net position, the Statement of Activities provides answers to the nature and scope of these changes. The main category of Program Revenues (Charges for Services) decreased by four percent or approximately \$47,700 compared to a five percent increase of \$57,000 in the prior year.

Program Expenses for Communication District Services increased by approximately seven percent. The greatest increase was in employee wages and benefits of \$42,821, depreciation of \$36,627, and repairs and maintenance of \$12,368.

Tangipahoa Communications District Number One

Management's Discussion and Analysis As of and for the Year Ended December 31, 2013

Fund Financial Analysis

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

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

At the end of the current year, the District's governmental funds reported combined ending fund balances of \$1,916,398. The District recorded an increase of \$158,601 in fund balance.

General Fund Budgetary Highlights

Tangipahoa Communications District Number One adopts an annual operating budget in accordance with the requirements of the Local Government Budget Act. As required by state law, actual revenues and other sources were within five percent of budgeted revenues and actual expenditures did not exceed budgeted expenditures by five percent. The budget provides an estimate for the current fiscal year of the proposed expenditures and the revenues that will finance the operation of the District. The operating budget is adopted before the end of the prior fiscal year, and is amended by the Board of Commissioners after review of monthly budget-to-actual reports. The analysis of budget variances refers to Schedule 1 included as Required Supplementary Information, following the footnotes to the financial statements.

Tangipahoa Communications District Number One

Management's Discussion and Analysis As of and for the Year Ended December 31, 2013

Capital Assets and Debt Administration

Capital Assets

The District's investment in capital assets for its governmental activities as of December 31, 2013 amounts to \$1,153,801 (net of depreciation). The total decrease in the District's investment in capital assets for the current fiscal year was \$114,796 (net of depreciation). Additions included \$24,827 for a vehicle and \$38,654 for computers, security system, and installation. The total capital asset cost does not include the District's cost of the 911 communications facility and parking lot improvements since the ownership of the facility must be by the Tangipahoa Parish Council.

The following table provides a summary of the District's capital assets (net of depreciation) at the end of the current year as compared to the prior year. For more detailed information, see Note 6 to the financial statements in this report.

Capital Assets (Net of Depreciation) 2013 and 2012

Capital Assets	Governmental Activities	
	2013	2012
Furniture and Equipment	\$ 1,839,689	\$ 1,801,035
Vehicles	75,701	50,874
Leasehold Improvements	17,568	17,568
Maps	66,413	66,413
Subtotal Capital Assets	1,999,371	1,935,890
Less: Accumulated Depreciation	(845,570)	(667,293)
Capital Assets, Net	\$ 1,153,801	\$ 1,268,597

Other Factors Affecting the District

The Tangipahoa Communications District Number One's management approach is conservative. When possible, the Board attempts to provide mandated services while consistently showing a budget surplus. The funds committed to the development of a new "911" communication facility were accumulated since the origination of the District and demonstrate a long-term commitment to serving users and providing quality services.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens and taxpayers with a general overview of the District's finances and show the District's accountability for the money it receives. Questions regarding this report or requests for additional information should be addressed to the Tangipahoa Communications District Number One at Post Office Box 505, Amite, Louisiana 70422, telephone (985) 747-0911.

Basic Financial Statements

Government-Wide Financial Statements

Tangipahoa Communications District Number One
Statement of Net Position
As of December 31, 2013

Statement A

		<u>Primary Government Governmental Activities</u>
Assets		
Current Assets:		
Cash and Cash Equivalents	\$	460,926
Investments		1,350,000
Receivables, Net:		
Intergovernmental		22,193
Telephone Charges Receivable		137,076
Prepaid Expenses		14,539
Other		20,426
Total Current Assets		<u>2,005,160</u>
Capital Assets:		
Capital Assets, Net		<u>1,153,801</u>
Total Capital Assets		<u>1,153,801</u>
Total Assets		<u><u>3,158,961</u></u>
Liabilities		
Current Liabilities:		
Accounts Payable		4,255
Other Accrued Payables		56,724
Total Current Liabilities		<u>60,979</u>
Total Liabilities		<u>60,979</u>
Deferred Inflows of Resources		
Unearned Revenue		<u>27,783</u>
Total Deferred Inflows of Resources		<u>27,783</u>
Net Position		
Net Investment in Capital Assets		1,153,801
Unrestricted		1,916,398
Total Net Position	\$	<u><u>3,070,199</u></u>

The accompanying notes are an integral part of this statement.

Statement B

Tangipahoa Communications District Number One
Statement of Activities
For the year ended December 31, 2013

		Program Revenues			Net (Expenses)	Revenues and	Changes of	Primary	Government
	Expenses	Charges for	Operating	Grants &	(Expenses)	Revenues	Governmental	Activities	Governmental
		Services	Contributions				Activities		Activities
Governmental Activities									
Communication District Services	\$ 1,384,337	\$ 1,265,798	\$ -		\$ (118,539)		\$ (118,539)		(118,539)
Total Governmental Activities	1,384,337	1,265,798	-		(118,539)		(118,539)		(118,539)
General Revenues:									
Intergovernmental									142,232
Interest Income									18,787
Miscellaneous									1,325
Total General Revenues									162,344
Change in Net Position									43,805
Net Position - Beginning									3,026,394
Net Position - Ending									\$ 3,070,199

The accompanying notes are an integral part of this statement.

Basic Financial Statements
Fund Financial Statements

Tangipahoa Communications District Number One
Balance Sheet, Governmental Funds
As of December 31, 2013

Statement C

	<u>General Fund</u>
Assets	
Cash and Equivalents	\$ 460,926
Investments	1,350,000
Receivables, Net:	
Intergovernmental	22,193
Telephone Charges Receivables	137,076
Prepaid Expenses	14,539
Other	20,426
Total Assets	<u><u>\$ 2,005,160</u></u>
 Liabilities and Fund Balances	
<i>Liabilities:</i>	
Accounts Payable	\$ 4,255
Other Accrued Liabilities	56,724
Total Liabilities	<u>60,979</u>
 <i>Deferred Inflows of Resources:</i>	
Unearned Revenue	27,783
Total Deferred Inflows of Resources	<u>27,783</u>
 <i>Fund Balances:</i>	
Committed	900,000
Unassigned	1,016,398
Total Fund Balances	<u>1,916,398</u>
 Total Liabilities and Fund Balances	 <u><u>\$ 2,005,160</u></u>

The accompanying notes are an integral part of this statement.

Statement D

**Tangipahoa Communications District Number One
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Financial Statement of Net Position
As of December 31, 2013**

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

Fund Balances, Total Governmental Funds (Statement C) \$ 1,916,398

Capital assets used in governmental activities are not financial resources and are therefore not reported in the governmental funds:

Governmental capital assets net of depreciation 1,153,801

Net Position of Governmental Activities (Statement A) \$ 3,070,199

The accompanying notes are an integral part of this statement.

Tangipahoa Communications District Number One
Statement of Revenues, Expenditures and
Changes in Fund Balances
For the year ended December 31, 2013

	<u>General Fund</u>
Revenues	
Charges for Services - Telephone	\$ 1,265,798
Intergovernmental	142,232
Interest	18,787
Miscellaneous	1,325
Total Revenues	<u>1,428,142</u>
Expenditures	
General Government	
Salaries	644,931
Benefits	128,498
Payroll Taxes	49,603
Insurance	23,359
Other operating	26,310
Professional Fees	7,000
Rent - Equipment and Line	178,530
Repairs and Maintenance	58,989
Supplies	6,291
Telephone	22,607
Utilities	44,866
Vehicle Expenses	15,075
Capital Outlays	63,482
Total Expenditures	<u>1,269,541</u>
Excess of Revenues Over Expenditures	<u>158,601</u>
Fund Balance, Beginning	<u>1,757,797</u>
Fund Balance, Ending	<u>\$ 1,916,398</u>

The accompanying notes are an integral part of this statement.

**Tangipahoa Communications District Number One
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the year ended December 31, 2013**

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

Net Change in Fund Balances, Total Governmental Funds, Statement E	\$ 158,601
---	-------------------

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

Expenditures for capital assets	\$ 63,482	
Less:		
Current year depreciation	(178,278)	(114,796)

Change in Net Position of Governmental Activities, Statement B	\$ <u>43,805</u>
---	-------------------------

The accompanying notes are an integral part of this statement.

Basic Financial Statements

Notes to the Financial Statements

Tangipahoa Communications District Number One
Notes to the Financial Statements
December 31, 2013

Introduction

The Tangipahoa Communications District Number One (hereinafter referred to as the "Communication District") was created by an ordinance of the Tangipahoa Parish Council on June 10, 1986, pursuant to the provisions of Louisiana Statute (LSA-RS) 33:9101-9106. The Communication District was organized to acquire and maintain the facilities and equipment necessary to provide emergency telephone response service (911) to residents of the entire parish of Tangipahoa, Louisiana. As a result of a three year study of the proposed "911" emergency service, it was recommended that the Communication District Board of Commissioners be appointed, and that an election call be made. On August 13, 1990, the Tangipahoa Parish Council adopted Ordinance No. 26 of 1990 amending Ordinance 86-6A Section III, establishing a Communication District and providing for appointment of one member by the following sources to the Board of Commissioners:

- The Parish governing authority
- The Tangipahoa Parish Sheriff's Office
- The Parish hospitals
- The Municipal Law Enforcement Agencies
- The Rural Fire Protection Districts
- The City Fire Protection Districts
- The Ambulance Services

On November 6, 1990, the voters of the Communication District approved a levy on telephone service, necessary to implement Emergency 911 (E911) services to citizens of Tangipahoa Parish. As of December 31, 2013, the Communication District has seventeen full-time employees, and four part-time employees.

Pursuant to Act 1029 of the Regular Session of the Legislature, the Communication District is authorized to establish an emergency telephone service charge of 85 cents per wireless user/per month for users of CMRS (Commercial Mobile Radio Service) who can access the 911 telephone system. The purpose of the Act is to provide a funding mechanism to cover the costs of implementing enhancements to the emergency 911 telephone system for cellular and other wireless telephone users as provided by the Federal Communication Commission in Matter #94-102. Phase I of the FCC Matter requires the implementation of necessary enhancements that will automatically provide the wireless telephone number and wireless tower location of the wireless caller to the communication district (911 communications center) when such a caller accesses the 911 system. Phase II requires the implementation of necessary enhancements that will provide the location within a certain area of the wireless caller. Proceeds from the monies collected pursuant to Act 1029 will be used first for payment of wireless service suppliers' and the District's costs associated with the implementation of enhancements required in Phase I, allowing the District to receive the telephone number of the device accessing the 911 system. As delineated within the Act, each district shall enter a cooperative endeavor agreement with each wireless service supplier to implement the enhancements required by FCC Matter 94-102. The District has completed Phase II of implementation. The District notified each service supplier by certified letter that the Board of Commissioners, by resolution, had levied the emergency telephone service charge. As of December 31, 2013, four providers have executed the required cooperative agreements. The service suppliers have been remitting the wireless service charges collected from the wireless CMRS, but service charges have not been paid to service suppliers that have not executed a cooperative agreement, since no district shall make payment of a service suppliers' costs associated with the implementation of Phase I enhancements required by such an order unless there is a cooperative endeavor agreement between the district and supplier.

Tangipahoa Communications District Number One
Notes to the Financial Statements
December 31, 2013

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Tangipahoa Communications District Number One is considered a component unit of the Tangipahoa Parish Council.

1. Summary of Significant Accounting Policies

A. Basis of Presentation

The accompanying basic financial statements of the Tangipahoa Communication District Number One have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. These financial statements are presented in accordance with GASB Statement No. 34, *Basic Financial Statements, Management's Discussion and Analysis, for State and Local Governments*. Statement No. 34 established standards for financial reporting, with presentation requirements originally including a statement of net position (or balance sheet), and a statement of activities. The definition and composition of these statements, as originally defined in GASB Statement No. 34, are as amended by GASB Statements included in the following paragraphs. The District has also adopted the provisions of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, that requires capital contributions to the District to be presented as a change in net position.

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

B. Reporting Entity

The District is a component unit of the Tangipahoa Parish Council, the financial reporting entity. The Parish Council is financially accountable for the District because it appoints a voting majority of the board and has the ability to impose its will on them.

The accompanying financial statements present information only on the funds maintained by the District and do not present information on the parish council, the general government services provided by that government unit, or the other governmental units that comprise the financial reporting entity.

Tangipahoa Communications District Number One
Notes to the Financial Statements
December 31, 2013

C. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all nonfiduciary activities of the District.

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

Separate financial statements are provided for governmental funds and proprietary funds. All individual funds are reported in separate columns in the fund financial statements. The District only has a single general fund for the years ending December 31, 2013 and 2012.

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, when applicable, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

User charges for telephone service and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The District reports the following major governmental fund:

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has no business-type activities or enterprise funds.

Tangipahoa Communications District Number One
Notes to the Financial Statements
December 31, 2013

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. The primary source of program revenues are telephone user charges to support "911" communication services. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes, if any.

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

E. Cash, Cash Equivalents and Investments

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

Investments for the District are reported at fair market value. At December 31, 2013 the District did not hold any investments other than certificates of deposits with original maturities in excess of three months.

F. Receivables and Revenue

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

G. Capital Assets

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

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

Tangipahoa Communications District Number One
Notes to the Financial Statements
December 31, 2013

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

<u>Description</u>	<u>Estimated Lives</u>
Leasehold Improvements	20 Years
Furniture and Equipment	5 - 10 Years
Vehicles	5 Years
Maps	10 Years

H. Compensated Absences

The District has the following policy related to vacation and sick leave:

All full-time employees are entitled to annual vacation leave as follows:

	<u>Minimum Years of Service Completed</u>			
	<u>1</u>	<u>2</u>	<u>5</u>	<u>10+</u>
Vacation Leave - Hours Earned per Year	40	80	120	160
	<u>40</u>	<u>80</u>	<u>120</u>	<u>160</u>

All vacation leave must be approved by the applicable Supervisor and reported on time sheets. Vacation leave may not be carried forward to the next year.

After ninety days of employment, employees earn four hours of sick leave per pay period worked until a maximum of 1440 hours have been accumulated. Sick leave is not paid to the employee under any circumstances.

In accordance with GASB-16, *Accounting for Compensated Absences*, no liability has been accrued for unused employee sick leave.

Tangipahoa Communications District Number One
Notes to the Financial Statements
December 31, 2013

I. Net Position and Fund Equity

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

- **Net Investment in Capital Assets Component of Net Position**

The *net investment in capital assets* component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position. If there are significant unspent related debt proceeds or deferred inflows of resources at the end of the reporting period, the portion of the debt or deferred inflows of resources attributable to the unspent amount should not be included in the calculation of net investment in capital assets. Instead, that portion of the debt or deferred inflows of resources should be included in the same net position component (*restricted or unrestricted*) as the unspent amount.

- **Restricted Component of Net Position**

The *restricted* component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported.

- **Unrestricted Component of Net Position**

The *unrestricted* component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

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

- **Nonspendable.** These are amounts that can not be spent either, because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.
- **Restricted.** These are amounts that can be spent only for specific purposes, because of constitutional provisions, enabling legislation or constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- **Committed.** These are amounts that can be used only for specific purposes determined by a formal decision of the Board, which is the highest level of decision making authority for the Commission.

Tangipahoa Communications District Number One
Notes to the Financial Statements
December 31, 2013

- **Assigned.** These are amounts that do not meet the criteria to be classified as restricted or committed, but are intended to be used for specific purposes.
- **Unassigned.** These are all other spendable amounts.

J. Comparative Data/Reclassifications

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

K. Extraordinary and Special Items

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

L. Estimates

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

M. Reconciliations of Government-Wide and Fund Financial Statements

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

2. Stewardship, Compliance and Accountability

The Communication District prepares its budget on the modified accrual basis of accounting in accordance with generally accepted accounting principles (GAAP). The budget is legally adopted and amended, as necessary, by the board of commissioners. The annual budget was not amended for the fiscal year 2013. A summary of the budget practices of the Communication District is as follows:

1. The Communication District's treasurer prepares the annual budget and submits the proposed budget to the Board of Commissioners no later than fifteen days prior to the beginning of the next fiscal year. The budget for the fiscal year 2013 was presented to the Board of Commissioners on October 25, 2012.
2. A summary of the proposed budget is published in the official journal and the public is notified that the proposed budget is available for inspection. At the time the proposed budget is published, a public hearing is also scheduled. The proposed budget was published on November 7, November 14, and November 21 of 2012.
3. A public hearing, at least ten days subsequent to publishing the notice, is held on the proposed budget. The public hearing date was November 27, 2012.

Tangipahoa Communications District Number One
Notes to the Financial Statements
December 31, 2013

4. After holding the public hearing and taking all action necessary to finalize and implement the budget for the ensuing year, the proposed budget is formally adopted by the Board of Commissioners. The proposed budget was adopted by the Board of Commissioners on November 27, 2012.
5. Amendments to the budget follow the same procedures as adopting the original budget. There were no amendments to the 2013 budget.

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

Actual revenues exceeded budgeted revenues and actual expenditures were below budgeted expenditures for the fiscal year ended December 31, 2013:

3. Cash and Cash Equivalents

At December 31, 2013, the District has cash and cash equivalents (book balances) as follows:

	December 31, 2013
Interest-bearing demand deposits	\$ 460,926
	\$ 460,926

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

At December 31, 2013, the district has \$1,833,666 in deposits (collected bank balances), consisting of \$483,666 in demand deposits and \$1,350,000 in certificates of deposits held in banks and classified as investments. The demand deposits at one bank totaling \$125,875 are secured from risk by \$250,000 of federal deposit insurance. The remaining demand deposits of \$357,871 at a second bank are secured from risk by \$250,000 of federal deposit insurance and \$107,871 is covered by pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

The certificates of deposit are secured from risk by \$250,000 federal deposit insurance and the remaining \$1,100,000 is covered by pledged securities held by respective custodial banks in the name of the fiscal agent banks in which the certificates of deposit are held. (GASB Category 3).

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

Tangipahoa Communications District Number One
Notes to the Financial Statements
December 31, 2013

4. Investments

Investments are categorized into these three categories of credit risk:

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

The District held assets that qualified as investments consisting of certificates of deposits with a market value of \$1,350,000 within one local bank at December 31, 2013. All investments held by the District fall into category 1 credit risk above. In accordance with GASB 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, all investments, when held, are carried at fair market value, with the estimated fair market value based on quoted market prices.

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

5. Receivables

The Communication District had only one major class of receivables at December 31, 2013, totaling \$137,076, consisting of telephone charges due from cellular and land line providers. A total of \$22,193 was also recorded at December 31, 2013 as due from local fire departments.

Tangipahoa Communications District Number One
Notes to the Financial Statements
December 31, 2013

6. Capital Assets

Capital assets and depreciation activity as of and for the year ended December 31, 2013 for governmental activities is as follows:

Governmental Activities Capital Assets:	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets Being Depreciated:				
Furniture and Equipment	\$ 1,801,035	\$ 38,654	\$ -	\$ 1,839,689
Vehicles	50,874	24,827	-	75,701
Leasehold Improvements	17,568	-	-	17,568
Maps	66,413	-	-	66,413
Total Capital Assets Being Depreciated	<u>1,935,890</u>	<u>63,481</u>	<u>-</u>	<u>1,999,371</u>
Less Accumulated Depreciation for:				
Furniture and Equipment	579,619	168,410	-	748,029
Vehicles	49,621	3,319	-	52,940
Leasehold Improvements	7,957	1,595	-	9,552
Maps	30,096	4,953	-	35,049
Total Accumulated Depreciation	<u>667,293</u>	<u>178,277</u>	<u>-</u>	<u>845,570</u>
Total Capital Assets Being Depreciated, Net	<u>1,268,597</u>	<u>(114,796)</u>	<u>-</u>	<u>1,153,801</u>
Total Governmental Activities Capital Assets, Net	\$ <u>1,268,597</u>	\$ <u>(114,796)</u>	\$ <u>-</u>	\$ <u>1,153,801</u>

Depreciation was charged to governmental functions as follows:

General Government - Communication District Services	\$ <u>178,277</u>
	\$ <u>178,277</u>

During the fiscal year ended December 31, 2013, the District purchased a new vehicle for \$24,827 and computers, security system, and installation for \$38,654.

7. Deferred Compensation

The Tangipahoa Communication District Number One offers its employees a deferred compensation plan created in accordance with Internal Revenue Code 457. The plan, available to all Communication District employees, after ninety days of full employment, permits them to defer a portion of their salaries until future years. No portion of this deferred compensation is paid by the Communication District.

The deferred compensation benefits are not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are the sole ownership of the participants. The Communication District has no financial or fiscal responsibility to the deferred compensation plan.

Tangipahoa Communications District Number One
Notes to the Financial Statements
December 31, 2013

In conjunction with the deferred compensation plan, the Tangipahoa Communication District Number One offers its employees a match plan created in accordance with Internal Revenue Code 401. The plan, available to all full time-employees after 90 days of full-time employment electing to participate in the 457 deferred compensation plan, receive a match of their elected deferral of up to seven percent of their salary. Employees are fifty-percent vested in the plan after one year and one hundred percent vested after two years. The Tangipahoa Communication District Number One's contributions to the plan for the year ending December 31, 2013 were \$16,712.

8. Compensated Absences

At December 31, 2013, employees of the Communication District have accumulated and vested \$22,052 of employee leave benefits, which was computed in accordance with GASB Codification Section C60. The total amount of accrued vacation leave is recorded as an obligation of the general fund. Although vacation leave cannot be carried forward, the liability for vacation leave is recorded since leave is accrued on an annual basis based on the date the employee was hired.

9. Accounts, Salaries, and Other Payables

The Governmental Fund payables at December 31, 2013 are as follows:

Governmental Funds Payable	General Fund
Accounts	\$ 4,255
Other	
Accrued Payroll	32,430
Accrued Vacation	22,052
Other	2,242
Total Government Funds Payable	\$ 60,979

10. Intergovernmental Agreement

On June 29, 2000, Tangipahoa Communication District Number One entered into an intergovernmental agreement with the St. Helena Parish 911 Communications District, the St. Helena Parish Police Jury, and the St. Helena Parish Sheriff for the provision of emergency 911 services. The agreement has been renewed for one-year extensions from July 1 to June 30 through June 30, 2014.

The renewed contract through June 30, 2014 provides for the following.

1. This agreement shall be for a period of one year beginning on July 1, 2013 and terminating at midnight on June 30, 2014.
2. In return for payment of those amounts set forth herein and the terms of this, answer all 911 lines for and on behalf of the St. Helena Parish 911 Communications District. The Tangipahoa Communications District Number One will act solely as an answering point and will transfer out to the proper agency or party all emergency calls, but only emergency calls.
3. The Tangipahoa Communications District Number One shall transfer all law enforcement emergency calls to the St. Helena Parish Sheriff's Office for handling by the St. Helena Parish Sheriff's

Tangipahoa Communications District Number One
Notes to the Financial Statements
December 31, 2013

Department and such other appropriate law enforcement agencies as the St. Helena Parish Sheriff's Department deems appropriate.

4. Tangipahoa Communications District Number One shall transfer all emergency calls relating to fire and/or rescue to the St. Helena Parish Sheriff's Department for handling by the St. Helena Parish Sheriff's Department and such fire departments and/or rescue services as the St. Helena Parish Sheriff's Department deems appropriate.
5. The Tangipahoa Communications District Number One shall transfer all emergency medical calls to Acadian Ambulance Service, Inc.
6. The Tangipahoa Communications District Number One shall transfer all emergency calls relating to hazardous material, state road closure and /or accidents on state highways not involving either injury, fire or the need for immediate response to the Louisiana State Police Troop L. In the event of Hazardous material spill or other emergency, the St. Helena Parish Sheriff's office will also be notified.
7. The only agencies the Tangipahoa Communications District Number One will be transferring emergency 911 calls for the St. Helena Parish 911 Communications District are the St. Helena Parish Sheriff's Department, Acadian Ambulance Service, and Louisiana State Police Troop "L".
8. The St. Helena Parish 911 Communication District shall be responsible for assuring that the St. Helena Parish Sheriff's Department, Acadian Ambulance Service, Inc., and Louisiana State Police Troop "L" answer the transferred calls and shall be responsible for assuring that these agencies properly handle the response to these calls.
9. The parties agree that should either the St. Helena Parish Sheriff's Department, Louisiana State Police Troop "L" and/or Acadian Ambulance Service, Inc., fail to answer the emergency 911 call, this contract shall, at the option of the Tangipahoa Communications District Number One, be terminated.
10. The St. Helena Parish Sheriff shall at no cost or expense accept all responsibility for answering emergency 911 calls transferred to it by the Tangipahoa Communications District Number One on an around the clock basis. Furthermore, in addition to being available to answer these calls twenty-four (24) hours a day, seven (7) days per week, the St. Helena Parish Sheriff agrees to be responsible for responding to these calls and/or notifying the proper fire departments, Acadian Ambulance Service, Inc. and/or the Louisiana State Police Troop "L".
11. St. Helena Parish 911 Communication District agrees to pay the salary of one (1) additional employee for the Tangipahoa Communication District No. 1, at \$52,806 for one year. The Tangipahoa Communications District Number One's hiring process will remain unchanged. Applications for the additional employee would be taken at the Tangipahoa 911 Center, 211 Campo Lane, Amite, Louisiana. Interviews will be conducted by the Tangipahoa Communications District Number One Operation Supervisor and final employment will be the sole discretion of the Tangipahoa Communications District Number One.
12. St. Helena Parish 911 Communication District agrees to pay for two (2) additional trunk lines to handle the Century Telephone Company telephone lines. The estimated costs of these trunk lines for one (1) year total \$2,760 but in any case, all cost for these telephone trunk lines will be paid by the St. Helena Parish 911 Communication District.
13. St. Helena Parish 911 Communication District will pay the estimated costs due the Tangipahoa Communications District Number One being \$55,566 on or before July 1, 2013.

Tangipahoa Communications District Number One
Notes to the Financial Statements
December 31, 2013

14. St. Helena Parish 911 Communication District and the St. Helena Parish Police Jury shall be responsible for naming, signing and addressing all of the roads in St. Helena Parish.
15. St. Helena Parish 911 Communication District shall be responsible for maintaining data on road names and addresses and providing this information and regular updates thereof to the St. Helena Sheriff, Acadian Ambulance, Louisiana State Police Troop "L", the Tangipahoa Communications District Number One, Town of Greensburg, Village of Montpelier and each of the volunteer fire districts serving St. Helena Parish.
16. St. Helena Parish 911 Communication District shall provide and be financially responsible for its own initial trunk line charges and database load, along with its own monthly trunk line charges.
17. St. Helena Parish 911 Communication District shall be responsible for addressing in the parish and providing addressing information to the public and the various telephone companies.
18. The fees, expenses and costs provided for herein shall be subject to renegotiation should this contract be renewed after June 30, 2014. Any future renegotiation or renewal of this contract shall include any pay raise due or paid to the added full time employee.
19. In the event that the St. Helena Parish 911 Communication District desires to renew this agreement, it must notify both the St. Helena Sheriff and the Tangipahoa Communication District in writing on or before May 1, 2014 and obtain their written approval of the renewal of this contract. During any renewal, the provisions of this contract dealing with salary costs are subject to renegotiation and in the event St. Helena Parish 911 emergency calls reach a ratio of fifteen (15) per cent or greater of the total calls, the Tangipahoa Communications District Number One can, at its option, require the funding of additional employee salaries.
20. Tangipahoa Communications District Number One can cancel this agreement and the related services to the St. Helena Parish 911 upon ninety (90) days written notice. In the event that this contract is canceled, the Tangipahoa Communication District No. 1 shall refund a pro rata share and portion of the employee salary costs for this year and any unused portion of the telephone trunk line cost.
21. Each party agrees to provide to the other, any and all necessary information requested by the other within a reasonable period of time, not to exceed fifteen (15) days.
22. The St. Helena Parish 911 Communication District agrees to hold harmless, indemnify and protect the Tangipahoa Communication District No. 1 from any and all liability arising out of it providing the services outlined herein excepting for its own failure to act or respond specifically including but not limited to, liability caused by the St. Helena Parish 911 Communications District and/or the St. Helena Parish Sheriff's Department.
23. The St. Helena Parish Police Jury acknowledges that it has authorized the St. Helena Parish 911 Communication District to enter into said agreement.

The total of \$55,566 was received by the Tangipahoa Communications District Number One and recorded as unearned revenue and amortized evenly over the period of the agreement. At December 31, 2013, the balance in unearned revenue is \$27,783.

Tangipahoa Communications District Number One
Notes to the Financial Statements
December 31, 2013

11. Committed Fund Balance

For the fiscal year ending December 31, 2013, the Board of Commissioners of the Tangipahoa Communications District Number One had committed a total of \$900,000 as reserved for communications equipment for future parish wide dispatch of police and fire. This commitment represents an internally imposed restriction made by the highest decision making body of the District, the board. The policy of the board is to commit the funds for future purchases of communication equipment and not to reduce the commitment as unrestricted funds are expended for communications equipment.

12. Risk Management

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

13. Contingent Liabilities

At December 31, 2013, the District was not involved in any outstanding litigation or claims.

14. Subsequent Events

These financial statements considered subsequent events through June 30, 2013, the date the financial statements were available to be issued. No events were noted that require recording or disclosure in the financial statements for the fiscal year ending December 31, 2013.

Required Supplemental Information (Part II)

Tangipahoa Communications District Number One
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund
For the year ended December 31, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>GAAP Basis</u>	<u>Favorable (Unfavorable)</u>
Revenues				
Charges for Services - Telephone	\$ 1,200,000	\$ 1,200,000	\$ 1,265,798	\$ 65,798
Intergovernmental	141,000	141,000	142,232	1,232
Interest	15,000	15,000	18,787	3,787
Miscellaneous	2,500	2,500	1,325	(1,175)
Total Revenues	<u>1,358,500</u>	<u>1,358,500</u>	<u>1,428,142</u>	<u>69,642</u>
Expenditures				
Communication District Services				
Salaries	615,000	615,000	644,931	(29,931)
Benefits	125,000	125,000	128,498	(3,498)
Payroll Taxes	51,000	51,000	49,603	1,397
Insurance	27,000	27,000	23,359	3,641
Other operating	33,500	33,500	26,310	7,190
Professional Fees	7,000	7,000	7,000	-
Rent	225,000	225,000	178,530	46,470
Repairs and Maintenance	75,000	75,000	58,989	16,011
Supplies	13,000	13,000	6,291	6,709
Telephone	23,000	23,000	22,607	393
Utilities	48,000	48,000	44,866	3,134
Vehicle Expenses	17,000	17,000	15,075	1,925
Capital Outlays	99,000	99,000	63,482	35,518
Total Expenditures	<u>1,358,500</u>	<u>1,358,500</u>	<u>1,269,541</u>	<u>88,959</u>
Excess of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>158,601</u>	<u>158,601</u>
Fund Balances, Beginning	<u>1,757,797</u>	<u>1,757,797</u>	<u>1,757,797</u>	
Fund Balances, Ending	<u>\$ 1,757,797</u>	<u>\$ 1,757,797</u>	<u>\$ 1,916,398</u>	<u>\$ 158,601</u>

See independent auditor's report.

Other Supplemental Information

Schedule 2

**Tangipahoa Communications District Number One
Schedule of Compensation Paid to the Board of Commissioners
For the year ended December 31, 2013**

<u>Name and Title / Contact Number</u>	<u>Employer and Address</u>	<u>Compensation Received</u>	<u>Term Expires</u>
Ira Brown, Chairman (985) 792-4705	8th Ward Volunteer Fire Department P.O. Box 1703 Ponchatoula, LA 70454	-	June 2016
Kim Moore, Vice Chairman (985) 969-0807	Tangipahoa Parish Sheriff's Office 61092 Vining Road Amite, LA 70422	-	June 2017
Robbie Lee, Secretary-Treasurer (985) 748-2922	State Farm Insurance P.O. Box 939 Amite, LA 70422	-	June 2014
Rebecca Biandolillo, Commissioner (985) 748-7253	North Oaks Cardiology 206 LaSare Drive Amite, LA 70422	-	June 2014
Richard Cutrer, Commissioner (985) 878-0007	Tangipahoa Fire Protection District 1 51585 Narretto Road Loranger, LA 70446	-	June 2017
Bry Layrisson (985) 386-8386	Ponchatoula Police Department 110 W Hickory Street Ponchatoula, LA 70454	-	June 2016
Patrick Sims (985) 630-2749	Acadian Ambulance Service 39502 Teel Road Ponchatoula, LA 70454	-	June 2017
		\$ <u> -</u>	

See Independent Auditor's Report.

**Tangipahoa Communications District Number One
Schedule of Findings and Questioned Costs
For the year ended December 31, 2013**

Part I: Summary of Auditor's Results*Financial Statements*

Type of Auditor's Report Issued: Unqualified.

Internal Control Over Financial Reporting:

Material Weakness(es) Identified:	No
Significant Deficiency(ies) that are not considered to be Material Weaknesses:	Yes
Noncompliance Material to the Financial Statements:	No

Federal Awards

There were no Major Programs for the District for the fiscal year ended December 31, 2013

Part II: Findings which are required to be reported in accordance with generally accepted Governmental Auditing Standards:

A. Compliance Findings –

None.

B. Internal Control Findings -

Internal control findings within the *Corrective Action Plan for Current Year Audit Findings* include finding 2013-11, a significant deficiency not constituting a material weakness.

Part III: Findings and Questioned Costs for Federal Awards which include audit findings as defined in Section 510(a) of Circular A-133:

N/A.

Part IV: Management Letter Items:

There were no management findings for the District for the fiscal year ending December 31, 2013.

**Tangipahoa Communications District Number One
Summary Schedule of Prior Year Audit Findings
For the year ended December 31, 2013**

Compliance

Reference Number: 2012-C1 (Fiscal Agent Advertising).

Year Initial Finding Occurred: Fiscal Year Ending December 31, 2012

Type Finding: Compliance Finding not Material to the Financial Statements

Description of Finding:

The prior year finding noted that Tangipahoa Parish Communications District No. 1 must advertise for fiscal agent contract to comply with applicable statutes.

Corrective Action Taken:

The Tangipahoa Parish Communication District No. 1 advertised for bids for fiscal agent contract.

Description of Corrective Action Taken:

The District advertised for bids for fiscal agent contract on June 12, June 19, and June 26, 2013. The bids were opened on June 27, 2013, and the District entered into a fiscal agent contract with First NBC Bank.

Contact Person: Ira Brown, Chairman, P.O. Box 1703, Ponchatoula, LA 70454

Internal Control

Reference Number: 2012-I1 (Limited Segregation of Duties)

Year Initial Finding Occurred: Fiscal Year Ending December 31, 2009

Type Finding: Significant Deficiency not Material to the Financial Statements

Description of Finding:

The prior year finding noted that Tangipahoa Parish Communication District No. 1 must demonstrate that activities relating to the receipt and disbursement of funds are properly segregated. We recommend that the District continue to implement compensating controls to ensure the integrity of financial operations.

Corrective Action Taken:

Corrective action taken is listed as partial since when there is a limited number of personnel, positive steps must be taken by management and the board of commissioners to control the initial recording and reporting of financial transactions. The District must continue to monitor operations and review financial transactions during the month and at monthly board meetings. This finding is continued as Finding Number 2013-I1 within the *Corrective Action Plan for Current Year Audit Findings*.

Description of Corrective Action Taken:

Since proper segregation of duties is a continuing issue of smaller agencies, this finding is continued.

Contact Person: Ira Brown, Chairman, P.O. Box 1703, Ponchatoula, LA 70454

Management

No management findings.

**Tangipahoa Communications District Number One
Corrective Action Plan for Current Year Audit Findings
For the year ended December 31, 2013**

Compliance

No compliance findings.

Internal Control

Reference Number: 2013-II (Limited Segregation of Duties). Finding continued from prior year.

Type Finding: Significant Deficiency not Material to the Financial Statements

Criteria: The Tangipahoa Communications District Number One must demonstrate that activities related to financial management are reasonably recorded and accurately reported.

Condition: With all smaller agencies, there will be limited segregation of duties for recording and reporting financial transactions. The District has responded to this condition with the following actions:

- 1) Direct approval by board member of all key financial transactions.
- 2) Maintenance of detail registers for disbursements and detail supporting documentation.
- 3) Monthly reconciliation and reporting directly to board of commissioners by client's accountant.
- 4) Approval and signing of checks by board members.

Effect: The District must demonstrate that activities related to financial management are reasonably and accurately reported.

Cause: The general size and finances of the entity consolidate the majority of the accounting, reporting and recording functions into one position. This is a continuation of the finding reported as 2012-II in the Schedule of Prior Year Findings.

Recommendation: The District must continue implementing compensating controls that reduce the inherent risk associated with recording financial transactions in smaller entities.

Response by Management: We will continue to closely monitor financial operations.

Description of Action Taken: Partial

Contact Person: Ira Brown, Chairman, P.O. Box 1703, Ponchatoula, LA 70454

Management

No management findings.

Bruce C. Harrell, CPA

Dale H. Jones, CPA
Michael P. Estay, CPA
Kristi U. Bergeron, CPA
Jessica H. Jones, CPA

INTERNET
www.teamcpa.com

MEMBERS
American Institute of CPAs
Society of Louisiana CPAs



BRUCE HARRELL
and COMPANY

CERTIFIED PUBLIC ACCOUNTANTS
A Professional Accounting Corporation

109 West Minnesota Park
Park Place Suite 7
Hammond, LA 70403
VOICE: (985) 542-6372
FAX: (985) 345-3156

KENTWOOD OFFICE
P.O. Box 45 - 909 Avenue G
Kentwood, LA 70444
VOICE: (985) 229-5955
FAX: (985) 229-5951

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

To Mr. Ira Brown, Chairman and Members of the Board of Commissioners
Tangipahoa Communications District Number One
Tangipahoa Parish Council
Amite, Louisiana 70422

We have audited, 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, the financial statements of the governmental activities of the Tangipahoa Communications District Number One, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise Tangipahoa Communications District Number One's basic financial statements and have issued our report dated June 30, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Tangipahoa Communications District Number One's internal control over financial reporting 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 Tangipahoa Communications District Number One's internal control. Accordingly, we do not express an opinion on the effectiveness of the Tangipahoa Communications District Number One'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 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, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. However, we did identify certain deficiencies in internal control, described in the

BRUCE HARRELL & CO.
CERTIFIED PUBLIC ACCOUNTANTS
A Professional Accounting Corporation

To Mr. Ira Brown, Chairman
and Members of the Board of Commissioners
Page 2

accompanying *Corrective Action Plan for Current Year Audit Findings* that we consider to be significant deficiencies in internal control over financial reporting as Finding Number 2013-II.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Tangipahoa Communications District Number One's, financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. We found no instances of noncompliance during our tests.

Tangipahoa Communications District Number One's Response to Findings

Tangipahoa Communications District Number One's response to the findings identified in our audit is included in the *Corrective Action Plan for Current Year Audit Findings*. Tangipahoa Communications District Number One's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

This report is intended solely for the information and use of management and the Louisiana Legislative Auditor and federal awarding agencies and pass-through entities, when applicable. However, this report is a matter of public record and its distribution is not limited. 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.



Bruce Harrell & Company, CPAs
A Professional Accounting Corporation

June 30, 2014