

**TANGIPAHOA PARISH GOVERNMENT**

Amite, Louisiana

---

**ANNUAL FINANCIAL REPORT**

As of and for the Year Ended

December 31, 2017

**TANGIPAOA PARISH GOVERNMENT**

Amite, Louisiana

**ANNUAL FINANCIAL REPORT**

As of and for the Year Ended December 31, 2017

TABLE OF CONTENTS

	<u>Exhibit</u>	<u>Page</u>
<b>Independent Auditor's Report</b> .....		3
<b>Required Supplementary Information (Part I)</b>		
Management's Discussion and Analysis .....		7
<b>Basic Financial Statements</b>		
Government-wide Financial Statements		
Statement of Net Position .....	A -1	14
Statement of Activities.....	A -2	15
Fund Financial Statements		
Governmental Funds		
Balance Sheet.....	A -3	16
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position.....	A -4	17
Statement of Revenues, Expenditures, and Changes in Fund Balances.....	A -5	18
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	A -6	20
Proprietary Funds		
Statement of Net Position .....	A -7	21
Statement of Revenues, Expenses, and Changes in Net Position.....	A -8	22
Statement of Cash Flows.....	A -9	23
Fiduciary Fund		
Statement of Fiduciary Net Position.....	A -10	24
Notes to the Financial Statements.....		26
<b>Required Supplementary Information (Part II)</b>		
Budgetary Comparison Schedules		
General Fund .....	B -1	62
Road and Bridge Funds .....	B -2	63
Garbage District No. 1 .....	B -3	64
Health Unit .....	B -4	65
Schedule of parish's proportionate share of the net pension liability		
Parochial Employees' Retirement System of Louisiana .....		66
Schedule of parish's contribution		
Parochial Employees' Retirement System of Louisiana .....		67

TANGIPAHOA PARISH GOVERNMENT  
TABLE OF CONTENTS continued

	<u>Exhibit</u>	<u>Page</u>
<b>Other Supplementary Information</b>		
Schedule of Expenditures of Federal Awards.....		69
Financial Data Schedules		
Balance Sheet.....	C -1	71
Revenues and Expenses.....	C -2	72
Schedule of Compensation, Benefits, and Other Payments to Agency Head.....		73
<b>Other Independent Auditor’s Reports and Findings</b>		
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 <i>Government Auditing Standards</i> .....		75
Independent Auditor’s Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance.....		77
Summary Schedule of Prior Year Audit Findings .....		80
Schedule of Current Year Audit Findings and Questioned Costs.....		81
Management’s Corrective Action Plan.....		87



# LAURA GRAY

CERTIFIED PUBLIC ACCOUNTANT

WWW.LAURAGRAYCPA.COM

601 COURTNEY DRIVE  
P. O. BOX 1391  
AMITE, LOUISIANA 70422

PHONE (985) 748-9067  
FAX (985) 748-4370  
E-MAIL: LG@LAURAGRAYCPA.COM

## INDEPENDENT AUDITOR'S REPORT

To the Parish President and Members  
of the Tangipahoa Parish Council  
Tangipahoa Parish Government  
Amite, Louisiana

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

I have audited the accompanying financial statements of the governmental activities, each major fund, the fiduciary fund, the blended component units, and the aggregate remaining fund information of the Tangipahoa Parish Government, Louisiana (Parish) as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Parish'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***

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 I 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 judgement, 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

***Basis for Adverse Opinion***

The financial statements referred to above include only the primary government of the Tangipahoa Parish Government, which consists of all funds, organizations, institutions, agencies, departments, and offices that comprise the Parish's legal entity, and the blended component units. The financial statements do not include financial data for all of the Parish's legally separate component units. Accounting principles generally accepted in the United States of America require the financial data for Parish's legally separate component units to be reported with the financial data of the Parish's primary government. The amount by which this departure would affect the assets, liabilities, net position, revenues, and expenses of the government-wide financial statements has not been determined.

***Adverse Opinion***

In my opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion" paragraph, the financial statements referred to above do not present fairly, the financial position of the reporting entity of the Tangipahoa Parish Government, Louisiana, as of December 31, 2017, or the changes in financial position thereof for the year then ended.

In addition, in my opinion, because the omission of the financial statements of the remaining component units results in an incomplete presentation, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, as of December 31, 2017, or the changes in financial position thereof for the year then ended.

***Unmodified Opinion***

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, the fiduciary fund, and the blended component units, information of the primary government of the Tangipahoa Parish Government, Louisiana, as of December 31, 2017, and the respective changes in financial position, and where applicable, cash flows thereof 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 found on pages 7 through 12, budgetary comparison information, and the schedules of the Parish's share of net pension liability and contributions found on pages 57 through 62 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the required supplementary information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Parish's basic financial statements. The schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, Audits of States, Local Governments and Non-Profit Organizations, the financial data schedule - Section 8 Housing Choice Voucher program, and the schedule of compensation, benefits, and other payments to agency head are presented for purposes of additional analysis and is not a required part of the basic financial statements of the Tangipahoa Parish Government.

The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, Audits of States, Local Governments and Non-Profit Organizations, the financial data schedule - Section 8 Housing Choice Voucher program, and the schedule of compensation, benefits, and other payments to agency head are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, Audits of States, Local Governments and Non-Profit Organizations, the financial data schedule - Section 8 Housing Choice Voucher program, and the schedule of compensation, benefits, and other payments to agency head are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, I have also issued my report, dated June 25, 2018, on my consideration of the Parish's internal control over financial reporting and on my 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 my 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 Parish's internal control over financial reporting and compliance.

  
Certified Public Accountant

June 25, 2018

**Required Supplementary Information (Part I)**

TANGIPAHOA PARISH GOVERNMENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
As of and for the Year Ended December 31, 2017

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

Our discussion and analysis of the Tangipahoa Parish Government's (Parish) financial performance provides an overview of the Parish's financial activities for the fiscal year ended December 31, 2017, with comparisons to the prior year, where appropriate.

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 Parish's financial statements, which begin on page 14.

FINANCIAL HIGHLIGHTS

The Parish's net position from government activities increased approximately \$4.1 million as a result of this year's operations.

Total cost of all of the Parish's programs was in excess of \$48 million in 2017.

USING THIS ANNUAL REPORT

This discussion and analysis is intended to serve as an introduction to Tangipahoa Parish Government's basic financial statements. This annual report consists of a series of financial statements. The Parish's basic financial statements comprise 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. The Statement of Net Position and the Statement of Activities (on pages 14 and 15) provide information about the activities of the Parish as a whole and present a longer-term view of the Parish's finances. Fund financial statements start on page 16. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Parish's operations in more detail than the government-wide statements by providing information about the Parish's most financially significant funds.

**Government-Wide Financial Statements**

*The Statement of Net Position and the Statement of Activities*

Our analysis of the Parish as a whole begins on page 7. One of the most important questions asked about the Parish's finances is "Is the Parish as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the Parish as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Parish's *net position* and changes to them. You can think of the Parish's net position, the difference between assets, what the citizens own, and liabilities, what the citizens owe, as one way to measure the Parish's financial health, or *financial position*. Over time, increases or decreases in the Parish's net position are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the Parish's property tax base and the condition of the Parish's capital assets (roads, bridges, buildings, and sewer lines) to assess the *overall health* of the Parish.

TANGIPAHOA PARISH GOVERNMENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
As of and for the Year Ended December 31, 2017

The Condensed Statement of Activities and Changes In Net Position, reports on the Parish's governmental activities:

- Governmental activities: most of the Parish's basic services are reported here, including road & bridge construction and maintenance, road lighting, landfill operations, health offices, animal control, low income housing (Section 8), and general administration. The Parish's one percent sales tax, property taxes, and state and federal grants finance most of these activities.

### **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. Some funds are required to be established by State law. However, the Parish establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The Parish's three kinds of funds, governmental, proprietary, and fiduciary, use different accounting approaches.

*Governmental Funds:* most of the Parish's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* 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 Parish's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Parish's programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation beside the fund financial statements.

*Proprietary funds:* when the Parish charges customers for the full cost of the services it provides whether to outside customers or to other units of the Parish, these services are reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the Parish's enterprise funds (a component business type funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

*Fiduciary funds:* Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources are not available to support the Parish's own programs. The Tangipahoa Parish Government has only agency funds to report within the Fiduciary Fund category. Agency funds are reported on a full accrual basis and only present a statement of assets and liabilities.

### **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 to the financial statements can be found on pages 26 through 60 of this report.

### FINANCIAL ANALYSIS

The following table provides a comparative summary of the Parish's net position for the current and previous years. For more detailed information, see the Statement of Net Position on page 14 of this report.

TANGIPAHOA PARISH GOVERNMENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
As of and for the Year Ended December 31, 2017

CONDENSED STATEMENT OF NET POSITION  
Governmental Activities  
December 31, 2017, and 2016

	2017	2016
<u>Assets</u>		
Current Assets	\$ 32,335,802	\$ 34,072,237
Restricted Assets	1,458,607	1,215,728
Capital Assets	193,785,703	185,712,114
Total Assets	227,580,112	221,000,079
 <u>Deferred outflow of resources</u>	 5,097,602	 6,481,592
 <u>Liabilities</u>		
Current Liabilities	5,561,304	4,630,424
Long-Term Liabilities	16,364,512	15,985,677
Total Liabilities	21,925,816	20,616,101
 <u>Deferred inflow of resources</u>	 661,135	 892,473
 <u>Net Position</u>		
Net Investment in Capital Assets	190,805,603	183,437,117
Restricted	1,892,525	1,420,687
Unrestricted	17,392,635	21,115,293
Total Net Position (as restated)	\$210,090,763	\$205,973,097

Approximately 91% of the Parish's net position reflect its investment in capital assets (land, buildings, equipment, and improvements) net of any outstanding related debt used to acquire those capital assets. These capital assets are used to provide services to citizens and do not represent resources available for future spending. Although, the Parish's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets cannot be used to liquidate these liabilities.

Approximately .90% of the Parish's net position represent resources that are subject to external restriction on how they may be used. The Parish's restricted net position consist of cash restricted for the high deductible insurance and health reimbursement plan and cash required to be restricted by grant covenants.

Approximately 8.28% of the Parish's net position are unrestricted and may be used to meet the Parish's ongoing obligations to its citizens.

At December 31, 2017, the Parish was able to report positive balances in all three categories of net position.

The table below provides a comparative summary of the changes in net position for the years ended December 31, 2017, and December 31, 2016. An analysis of the primary sources of these changes follows the table. For more detailed information, see Exhibit A-2, the Statement of Activities.

TANGIPAHOA PARISH GOVERNMENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
As of and for the Year Ended December 31, 2017

CONDENSED STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION  
For Years Ended December 31, 2017, and 2016

	Governmental Activities	
	2017	2016
Program Revenues:		
Charges for Services	\$ 10,016,116	\$10,137,431
Grants and Contributions		
Operating	7,632,632	6,648,158
Capital	2,990,520	2,007,089
Total Program Revenues	20,639,268	18,792,678
General Revenues:		
Taxes and Licenses	31,395,538	29,859,351
Investment Earnings	442,064	375,871
Donations	6,195	8,837
Miscellaneous	275,563	269,992
Support Revenues	133,110	123,876
Gain from disposition of capital assets	474,076	44,836
Total General Revenues	32,726,546	30,682,763
Total Revenues	53,365,814	49,475,441
Expenses:		
General Government	8,273,374	8,571,743
Culture and Recreation	1,402,992	1,153,156
Public Safety	1,567,484	2,426,963
Public Works	31,716,997	30,771,687
Health and Welfare	4,145,953	3,570,396
Economic Development	1,458,147	0
Bond Issuance Cost	24,644	0
Interest on long term debt	115,203	104,438
Total Expenses	48,704,794	46,598,383
Excess Before Transfers, Contributions, & Special Items	4,661,020	2,877,058
Special Item	27,029	
Transfers & Contributions	(570,383)	3,636,489
Change in Net Position	4,117,666	6,513,547
Net Position, beginning (as restated)	205,973,097	199,459,550
Net Position, ending	\$210,090,763	\$205,973,097

TANGIPAHOA PARISH GOVERNMENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
As of and for the Year Ended December 31, 2017

Governmental Activities

The Parish's governmental net position increased by \$4.11 million. The increase in Net Position is comprised primarily of an increase in program revenues, taxes and licenses.

Business Type Activities

The Parish had no business type activities in 2017.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Parish budgets were reviewed quarterly and amended three times during the year to reflect changes in forecasted revenues and expenditures, with the final amendment taking place on December 11, 2017.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Tangipahoa Parish's capital assets for its governmental activities as of December 31, 2017, amount to \$193,785,703 (net of accumulated depreciation). Capital assets include land, buildings, improvements, vehicles, machinery and equipment, office equipment, roads, and bridges.

The total increase in the Parish's Net investment in capital assets for the current year was 4.35%, or \$8,073,589.

CONDENSED STATEMENT OF CAPITAL ASSETS (NET OF DEPRECIATION)  
For Years Ended December 31, 2017, and 2016

	Governmental Activities	
	2017	2016
Land	\$ 3,285,429	\$ 3,146,291
Construction in Progress	12,601,188	5,701,962
Buildings	38,116,071	34,231,055
Infrastructure	132,589,367	136,982,000
Machinery & Equipment	7,193,648	5,650,806
Capital Asset (Net)	\$193,785,703	\$185,712,114

Major capital asset events for year ended December 31, 2017, included the following:

1. The Parish completed the following projects: HMGP Safe Room/EOC Project for the Office of Homeland Security and Emergency Preparedness, Landfill Scale Building Renovations, Amite Health Unit Renovations, HMGP Ponchatoula City Hall Wind Retrofit, and Port Manchac Project.
2. Construction continues on the following projects: New Entry Doors for Jail, FTA Bus Shelters, South Hoover Road, Phase XIX Overlay, Club Deluxe Road Widening and Subsurface Drainage Projects, Wardline Road Widening, Vineyard Road Bridge, Leo Lane Bridge, Troy Spears Bridge, New Landfill Design and Concept, Hazard Mitigation Ponchatoula (HMGP) Ash Street Drainage Project, HMGP Small Safe Room, HMGP Ponchatoula Sewer Improvements, Chappapeela Drainage Project, Lee's Landing, and Village of Tangipahoa Sewer Improvements.

TANGIPAHOA PARISH GOVERNMENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
As of and for the Year Ended December 31, 2017

*Long-Term Debt*

CONDENSED STATEMENT OF LONG-TERM DEBT  
For Years Ended December 31, 2017, and 2016

	Governmental Activities	
	2017	2016
General Obligation Bonds	\$ 755,100	\$ -
Landfill Revenue Bonds	2,225,000	2,275,000
Estimated Liability for Landfill Closure/	7,425,399	7,183,216
Total	\$10,405,499	\$ 9,458,216

\* The current portion of the debt listed above is \$73,000.

THE PARISH AS A WHOLE

The Parish's combined Net Position changed from a year ago, increasing from approximately \$206 million to \$210 million.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Parish looks forward to 2018 with a cautious optimistic economic outlook of continued expansion and growth within the local economy. The Parish continues to practice the conservative fiscal policy (pay as you go) from which much of the economic success in Tangipahoa Parish has resulted.

REQUEST FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Parish's finances and to show the Parish's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Melissa R. Cowart, Certified Public Accountant at (985) 748-3211 or Tangipahoa Parish Government, P.O. Box 215, Amite, LA 70422.

## **Basic Financial Statements**

TANGIPAHOA PARISH GOVERNMENT  
Amite, Louisiana  
STATEMENT OF NET POSITION  
December 31, 2017

	Governmental Activities
<u>Assets</u>	
Cash and cash equivalents	\$ 19,373,733
Receivables, net	12,502,889
Due from other governments	459,180
Restricted assets - cash	1,458,607
Capital assets (net)	193,785,703
Total Assets	227,580,112
 <u>Deferred Outflow of Resources</u>	
	5,097,602
 <u>Liabilities</u>	
Accounts, salaries, and other payables	4,208,928
Payable to agency fund	950,000
Due to other governments	329,376
Noncurrent liabilities:	
Due within one year	73,000
Due in more than one year	10,332,499
Postemployment healthcare benefits payable	2,320,832
Net pension liability	3,711,181
Total Liabilities	21,925,816
 <u>Deferred Inflow of Resources</u>	
Grant funds	10,201
GASB 68 - pension	650,934
Total Deferred Inflow of Resources	661,135
 <u>Net Position</u>	
Net investment in capital assets	190,805,603
Restricted for:	
Debt service	344,541
Other purposes	1,547,984
Unrestricted	17,392,635
Total Net Position	\$ 210,090,763

The accompanying notes are an integral part of this statement.

TANGIPAHOA PARISH GOVERNMENT  
Amite, Louisiana  
STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities					
General government	\$ 8,273,374	\$ 4,443,895	\$ 1,423,851	\$ 405,205	\$ (2,000,423)
Culture and recreation	1,402,992	149,584	78,287	-	(1,175,121)
Public safety	1,567,484	766,129	124,051	1,780,049	1,102,745
Public works	31,716,997	4,467,763	1,741,535	281,629	(25,226,070)
Health and welfare	4,145,953	188,745	2,929,544	523,637	(504,027)
Economic development	1,458,147	-	1,335,364	-	(122,783)
Bond issuance cost	24,644	-	-	-	(24,644)
Interest on long-term debt	115,203	-	-	-	(115,203)
<b>Total governmental activities</b>	<b>\$ 48,704,794</b>	<b>\$ 10,016,116</b>	<b>\$ 7,632,632</b>	<b>\$ 2,990,520</b>	<b>(28,065,526)</b>
General revenues:					
Taxes:					
					22,022,509
					7,019,584
					828,747
					150,585
					35,490
					872,949
					465,674
					6,195
					275,563
					442,064
					474,076
					133,110
					27,029
					(570,383)
					<b>32,183,192</b>
					4,117,666
					<b>205,973,097</b>
					<b>\$ 210,090,763</b>

The accompanying notes are an integral part of this statement.

TANGIPAHOA PARISH GOVERNMENT  
Amite, Louisiana  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
December 31, 2017

	General Fund	Road and Bridge Funds	Garbage District No. 1	Health Unit	Hazard Mitigation	Other Governmental Funds	Total Governmental Funds
<u>Assets</u>							
Cash and cash equivalents	\$ 31,646	\$ 9,960,442	\$ 4,920,135	\$ 147,652	\$ 553	\$ 3,867,782	\$ 18,928,210
Receivables, net	2,371,706	2,161,988	3,449,294	2,726,416	505,692	1,270,673	12,485,769
Due from other governments	459,180	-	-	-	-	-	459,180
Due from other funds	676,700	213,750	-	-	-	-	890,450
Restricted assets - cash	924,449	209,898	223,066	50,484	-	22,926	1,430,823
<b>Total Assets</b>	<b>\$ 4,463,681</b>	<b>\$ 12,546,078</b>	<b>\$ 8,592,495</b>	<b>\$ 2,924,552</b>	<b>\$ 506,245</b>	<b>\$ 5,161,381</b>	<b>\$ 34,194,432</b>
<u>Liabilities</u>							
Accounts, salaries, and other payables	\$ 935,987	\$ 1,702,837	\$ 344,635	\$ 223,421	\$ 290,863	\$ 612,095	\$ 4,109,838
Due to other governments	51,223	-	113,271	-	-	164,882	329,376
Due to other funds	950,000	-	-	-	271,000	619,450	1,840,450
<b>Total Liabilities</b>	<b>1,937,210</b>	<b>1,702,837</b>	<b>457,906</b>	<b>223,421</b>	<b>561,863</b>	<b>1,396,427</b>	<b>6,279,664</b>
<u>Deferred Inflow of Resources</u>							
Grant funds	10,000	-	-	-	-	201	10,201
<b>Total Deferred Inflow of Resources</b>	<b>10,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>201</b>	<b>10,201</b>
<u>Fund Balances</u>							
Restricted	243,026	10,633,343	8,065,172	2,650,647	-	3,493,361	25,085,549
Committed	736,913	-	-	-	-	69,925	806,838
Assigned	187,537	209,898	69,417	50,484	-	250,576	767,912
Unassigned	1,348,995	-	-	-	(55,618)	(49,109)	1,244,268
<b>Total Fund Balances</b>	<b>2,516,471</b>	<b>10,843,241</b>	<b>8,134,589</b>	<b>2,701,131</b>	<b>(55,618)</b>	<b>3,764,753</b>	<b>27,904,567</b>
<b>Total Liabilities, Deferred Inflow of Resources, and Fund Balances</b>	<b>\$ 4,463,681</b>	<b>\$ 12,546,078</b>	<b>\$ 8,592,495</b>	<b>\$ 2,924,552</b>	<b>\$ 506,245</b>	<b>\$ 5,161,381</b>	<b>\$ 34,194,432</b>

The accompanying notes are an integral part of this statement.

TANGIPAOA PARISH GOVERNMENT  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS  
 BALANCE SHEET TO THE STATEMENT OF NET POSITION  
 December 31, 2017

Fund balances - total governmental funds	\$	27,904,567
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		193,785,703
Some liabilities are not due and payable in the period and, therefore, are not reported in the funds. These liabilities consist of:		
Long-term liabilities, including bonds payable		(10,405,499)
Postemployment healthcare benefits payable		(2,320,832)
Net pension liability		(3,711,181)
The internal service fund is used by management to charge administration costs to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		391,337
Deferred outflows and inflows are not financial resources or currently payable. These consist of:		
Deferred outflows		5,097,602
Deferred inflows		(650,934)
Net position of governmental activities	\$	<u><u>210,090,763</u></u>

The accompanying notes are an integral part of this statement.

TANGIPAHOA PARISH GOVERNMENT  
Amite, Louisiana  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2017

	General Fund	Road and Bridge Funds
<u>Revenues</u>		
Taxes:		
Sales	\$ 5,505,627	\$ 16,516,882
Ad valorem	1,342,675	-
Franchise	753,454	-
Licenses, permits, and rent	1,821,960	-
Intergovernmental revenues:		
Federal funds:		
Federal grants	457,945	548,928
State funds:		
Parish transportation funds	-	990,511
State revenue sharing	87,956	-
Severance tax	150,585	-
State appropriations	692,006	2,978
State grants	98,925	12,895
2% Fire insurance rebate	550,192	-
Alcoholic beverage tax	35,490	-
Local funds:		
Tourist commission	-	-
Fees, charges, and commissions for service	221,414	-
Fines and forfeitures	8,061	-
Interest	18,902	208,470
Other revenues	3,409,255	92,551
	<u>15,154,447</u>	<u>18,373,215</u>
Total Revenues		
<u>Expenditures</u>		
General government:		
Legislative	3,212,949	-
Judicial	2,722,556	-
Elections	162,725	-
Finance and administrative	1,283,318	-
Public safety	3,934,545	-
Public works	1,868,236	20,517,792
Health and welfare	820,392	-
Economic development	88,838	-
Culture and recreation	381,154	-
Bond issuance costs	-	24,644
Debt service:		
Principal	-	-
Interest	-	-
	<u>14,474,713</u>	<u>20,542,436</u>
Total Expenditures		
Excess of Revenues		
Over (Under) Expenditures	<u>679,734</u>	<u>(2,169,221)</u>
<u>Other Financing Sources (Uses)</u>		
Issuance of general obligation bonds	-	755,100
Contribution in	12,868	-
Sale of real property	449,900	-
Operating transfers in (out)	(1,136,909)	(592,903)
	<u>(674,141)</u>	<u>162,197</u>
Total Other Financing Sources (Uses)		
<u>Special Item</u>		
Absorption of section 8 housing authorities	-	-
	<u>-</u>	<u>-</u>
Total Special Items		
Net Change in Fund Balances	5,593	(2,007,024)
Fund Balances - Beginning of Year, Restated	<u>2,510,878</u>	<u>12,850,265</u>
Fund Balances - End of Year	<u>\$ 2,516,471</u>	<u>\$ 10,843,241</u>

The accompanying notes are an integral part of this statement.

Garbage District No. 1	Health Unit	Hazard Mitigation	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 22,022,509
2,904,292	2,295,842	-	476,775	7,019,584
-	-	-	75,293	828,747
-	-	-	275,000	2,096,960
107,622	236,337	1,819,490	4,788,973	7,959,295
-	-	-	-	990,511
248,688	129,030	-	-	465,674
-	-	-	-	150,585
-	-	-	-	694,984
-	-	-	-	111,820
-	-	-	-	550,192
-	-	-	-	35,490
-	-	-	75,000	75,000
4,192,763	188,745	-	805,337	5,408,259
-	-	-	110,376	118,437
114,335	22,294	-	67,385	431,386
81,009	22,400	-	10,839	3,616,054
<u>7,648,709</u>	<u>2,894,648</u>	<u>1,819,490</u>	<u>6,684,978</u>	<u>52,575,487</u>
-	-	-	-	3,212,949
-	-	-	176,649	2,899,205
-	-	-	-	162,725
-	-	-	-	1,283,318
-	-	-	804,718	4,739,263
7,691,590	-	3,051,788	3,949,572	37,078,978
-	2,984,603	-	105,860	3,910,855
-	-	-	1,350,281	1,439,119
-	-	-	1,049,481	1,430,635
-	-	-	-	24,644
50,000	-	-	-	50,000
101,450	-	-	13,753	115,203
<u>7,843,040</u>	<u>2,984,603</u>	<u>3,051,788</u>	<u>7,450,314</u>	<u>56,346,894</u>
<u>(194,331)</u>	<u>(89,955)</u>	<u>(1,232,298)</u>	<u>(765,336)</u>	<u>(3,771,407)</u>
-	-	-	-	755,100
-	1,400	71,722	67,969	153,959
114,000	-	-	-	563,900
<u>(152,810)</u>	<u>-</u>	<u>1,176,349</u>	<u>782,736</u>	<u>76,463</u>
<u>(38,810)</u>	<u>1,400</u>	<u>1,248,071</u>	<u>850,705</u>	<u>1,549,422</u>
-	-	-	27,029	27,029
-	-	-	27,029	27,029
(233,141)	(88,555)	15,773	112,398	(2,194,956)
8,367,730	2,789,686	(71,391)	3,652,355	30,099,523
<u>\$ 8,134,589</u>	<u>\$ 2,701,131</u>	<u>\$ (55,618)</u>	<u>\$ 3,764,753</u>	<u>\$ 27,904,567</u>

TANGIPAHOA PARISH GOVERNMENT  
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, 2017

Net change in fund balances - total governmental funds \$ (2,194,956)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. 8,732,066

In the statement of activities, only the gain on the sale of equipment is reported, whereas in the governmental funds, the proceeds from the sale increases financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the equipment disposed of. (89,824)

Governmental funds report capital outlays as expenditures. This is the accumulated cost of capital assets donated to other governmental agencies during the current period. (570,383)

Bond proceeds and capital leases provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items. (705,100)

Internal service funds are used by management to charge the costs of certain activities, such as accounting services, to individual funds. The net revenue (expense) of certain internal funds is reported with governmental activities. (36,957)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures of governmental funds. These differences consist of:

Net change in liability for postemployment healthcare (224,738)  
Pension expense for GASB 68 (683,369)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds. 133,110

Municipal Solid Waste Landfill closure and postclosure care cost liabilities are not recorded by the governmental fund, but must be recorded as a general long-term liability in the governmental activities in the government-wide financial statements. This is the amount of the increase of the closure and postclosure care costs liability over the prior year. (242,183)

Change in net position of governmental activities \$ 4,117,666

The accompanying notes are an integral part of this statement.

TANGIPAHOA PARISH GOVERNMENT  
Amite, Louisiana  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
December 31, 2017

	<u>Governmental Activities- Internal Service</u>
<u>Assets</u>	
<u>Current Assets</u>	
Cash and cash equivalents	\$ 445,523
Receivables	17,120
Total Current Assets	<u>462,643</u>
<u>Restricted Assets</u>	
Cash and cash equivalents	<u>27,784</u>
<u>Noncurrent Assets</u>	
Capital assets (net of accumulated depreciation)	<u>112,969</u>
Total Assets	<u>603,396</u>
<u>Liabilities</u>	
<u>Current Liabilities</u>	
Accounts, salaries, and other payables	<u>99,090</u>
Total Liabilities	<u>99,090</u>
<u>Net Position</u>	
Net Investment in capital assets	112,969
Restricted	27,784
Unrestricted	<u>363,553</u>
Total Net Position	<u>\$ 504,306</u>

The accompanying notes are an integral part of this statement.

TANGIPAHOA PARISH GOVERNMENT  
Amite, Louisiana  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
For the Year Ended December 31, 2017

	<u>Governmental Activities- Internal Service</u>
<u>Operating Revenues</u>	
Charges for interfund services	\$ 1,699,802
Total Operating Revenues	<u>1,699,802</u>
 <u>Operating Expenses</u>	
Personnel services	1,255,976
Materials and supplies	94,272
Professional services	236,550
Repairs and maintenance	5,459
Other expenses	74,874
Depreciation	<u>22,347</u>
Total Operating Expenses	<u>1,689,478</u>
Operating Income	<u>10,324</u>
 <u>Nonoperating Revenues (Expenses)</u>	
Interest income	10,678
Fema reimbursement	17,120
Miscellaneous revenue	1,384
Transfer to general fund for safe room match	(76,463)
Loss on disposition of assets	<u>(183)</u>
Total Nonoperating Revenues (Expenses)	<u>(47,464)</u>
Change in Net Position	(37,140)
Total Net Position - Beginning (restated)	<u>541,446</u>
Total Net Position - Ending	<u><u>\$ 504,306</u></u>

The accompanying notes are an integral part of this statement.

TANGIPAHOA PARISH GOVERNMENT  
Amite, Louisiana  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
For the Year Ended December 31, 2017

	<u>Governmental Activities- Internal Service</u>
<u>Cash Flows from Operating Activities</u>	
Receipts from interfund services provided	\$ 1,718,567
Payments to suppliers	(413,002)
Payments to employees	(1,251,817)
Net Cash Provided by Operating Activities	<u>53,748</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Funds for health reimbursement account	(7,553)
Miscellaneous Proceeds	1,384
Net Cash (Used) by Noncapital Financing Activities	<u>(6,169)</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	
Purchases of capital assets	(24,076)
Transfer to general fund for safe room match	(76,463)
Net Cash (Used) by Capital and Related Financing Activities	<u>(100,539)</u>
<u>Cash Flows from Investing Activities</u>	
Interest received	10,678
Net Cash Provided by Investing Activities	<u>10,678</u>
Net (Decrease) in Cash and Cash Equivalents	(42,282)
Cash and Cash Equivalents, Beginning of Year	<u>487,805</u>
Cash and Cash Equivalents, End of Year	<u>\$ 445,523</u>
<u>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</u>	
Operating Income	\$ 10,324
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	22,347
Decrease in assets-	
Accounts receivable	18,764
Increase in liabilities-	
Accounts payable and other payables	2,313
Total Adjustments	<u>43,424</u>
Net Cash Provided by Operating Activities	<u>\$ 53,748</u>

The accompanying notes are an integral part of this statement.

TANGIPAHOA PARISH GOVERNMENT  
Amite, Louisiana  
STATEMENT OF FIDUCIARY NET POSITION  
PAYROLL LIABILITY FUND  
December 31, 2017

<u>Assets</u>	
Cash	\$ 253,227
Due from employees and cobra employees	18,511
Receivable from general fund	<u>950,000</u>
Total Assets	<u>\$ 1,221,738</u>
<u>Liabilities</u>	
Accounts payable	\$ 1,176,063
Due to other governments	<u>45,675</u>
Total Liabilities	<u>\$ 1,221,738</u>

The accompanying notes are an integral part of this statement.

## Notes to the Financial Statements

# TANGIPAHOA PARISH GOVERNMENT

Amite, Louisiana

## Notes to the Financial Statements

As of and for the Year Ended December 31, 2017

### INTRODUCTION

Tangipahoa Parish Government (parish) is the governing authority for the Parish of Tangipahoa, Louisiana. The Parish of Tangipahoa operates under a home rule charter and is governed by the "council-president" form of government. An elected council of ten members representing the various districts within the parish constitutes the legislative branch of the government and an elected president is the chief executive officer and head of the executive branch. The council and president serve four-year terms that expire in January 2020.

Louisiana Revised Statute 33:1236 gives Tangipahoa Parish Government various powers in regulating and directing the affairs of the parish and its inhabitants. The more notable of those is the power to make regulations for its own government; to regulate the construction and maintenance of roads, bridges, and drainage systems; to regulate the sale of alcoholic beverages; and to provide for the health and welfare of the poor, disadvantaged, and unemployed in the parish. Funding to accomplish these tasks is provided by ad valorem and sales taxes, beer and alcoholic beverage permits, state revenue sharing, permits and fees, and state and federal grants.

Tangipahoa Parish occupies approximately 818 square miles with a population of approximately 128,755. The parish government maintains approximately 1,067 miles of roads, 876 miles of which are paved and 191 of which are gravel. Parish government offices are located in the courthouse annex in Amite, Louisiana, with road maintenance facilities located at 2 locations within the parish.

In June 1999 the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments. Certain of the significant changes in the Statement include the following:

- The financial statements now include:
  - A Management's Discussion and Analysis (MD&A) section providing an analysis of the parish's overall financial position and results of operations.
  - Financial statements prepared using full accrual accounting for all of the parish's activities, including current year infrastructure (roads and bridges).
  - A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including these notes to financial statements). The parish was required to implement the general provisions of Statement No. 34 in the year ended December 31, 2003, and was required to implement the provisions for retroactively reporting infrastructure per Statement No. 34 for the fiscal year ended December 31, 2007.

The parish was also required to implement the general provisions of GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in the year ended December 31, 2011.

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, was implemented in the year ended December 31, 2015. This statement establishes new financial reporting requirements for governments that provide their employees with pension benefits. Additional information about the parish's net pension liability is presented in the notes to the financial statements.

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. REPORTING ENTITY

As the governing authority of the parish, for reporting purposes, Tangipahoa Parish Government is the

Tangipahoa Parish Government  
Notes to the Financial Statements  
As of and for the Year Ended December 31, 2017

financial reporting entity for Tangipahoa Parish. The financial reporting entity consists of (a) the primary government (Tangipahoa Parish Government), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

GASB Statement No. 14 as amended by GASB Statement No. 61 established criteria for determining which component units should be considered part of Tangipahoa Parish Government for financial reporting purposes. 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. These criteria include:

1. Appointing a voting majority of an organization's governing body, and
  - a. The ability of Tangipahoa Parish Government to impose its will on that organization and/or
  - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on Tangipahoa Parish Government.
2. Organizations for which Tangipahoa Parish Government does not appoint a voting majority but are fiscally dependent on Tangipahoa Parish Government.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based on the previous criteria, Tangipahoa Parish Government has determined that the following component units are part of the reporting entity:

Blended Component Units

Tangipahoa Parish Government, as the reporting entity, has chosen to issue financial statements of the primary government (Tangipahoa Parish Government), except for including the following blended component units whose accounting records are maintained by the parish.

- General Fund - Non-major Funds
- Construction Board of Adjustment and Appeals
- Industrial Development Board of the Parish of Tangipahoa, Inc.
- Tangipahoa Parish Planning Commission

Component Units Omitted From Financial Statements

Active Component Units	Fiscal Year End	Criteria Used
Consolidated Gravity Drainage District Number 1	12/31	1
Coves of the Highland Community Development District	06/30	1
Fire Protection District Number 1	12/31	1
Fire Protection District Number 2	12/31	1
Gravity Drainage District Number 4	12/31	1
Gravity Drainage District Number 5	12/31	1
Hospital Service District Number 1	06/30	1
Hospital Service District Number 2	12/31	1
Mosquito Abatement District No. 1 of the Parish of Tangipahoa	12/31	1
Ponchatoula Area Recreation District Number 1	12/31	1
Recreation District Number 39A	12/31	1
Recreation District Number 3	12/31	1
Sewer District No. 1 of the Parish of Tangipahoa	12/31	1
Tangipahoa Communication District Number 1	12/31	1
Tangipahoa Parish Clerk of Court	06/30	2
Tangipahoa Parish Convention and Visitors Bureau	12/31	1

Tangipahoa Parish Government  
Notes to the Financial Statements  
As of and for the Year Ended December 31, 2017

Tangipahoa Parish Library Board of Control	12/31	1
Tangipahoa Parish Sheriff	06/30	2
Tangipahoa Voluntary Council on Aging	12/31	1
Tangipahoa Water District	12/31	1
	Fiscal	Criteria
<u>Inactive or Non-Funded Component Units</u>	<u>Year End</u>	<u>Used</u>
Hammond Area Recreation District Number 1	12/31	1
Kentwood Area Recreation District	12/31	1
Loranger Recreation District Number 104	12/31	1
Recreation District Number 5 - Mid Parish	12/31	1
Recreation District Number 6	12/31	1

The component units listed herein are not included in the accompanying financial statements. Their financial statements may be obtained by request to the Clerk of the Council of the Tangipahoa Parish Government at (985) 748-3211.

Considered in the determination of component units of the reporting entity were the Tangipahoa Parish School Board, Tax Assessor, and the District Attorney for the Twenty-First Judicial District, Twenty-First Judicial District Children and Youth Planning Board, and the various municipalities in the parish. It was determined that these governmental entities are not component units of Tangipahoa Parish Government reporting entity because they have separately elected governing bodies, are legally separate, and are fiscally independent of Tangipahoa Parish Government.

## **B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and selected blended component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The focus of governmental and proprietary fund financial statements is on "major" funds. Fund statements present in separate columns the general fund, followed by major funds, with non-major funds aggregated and displayed in a separate column. The new model (GASB Statement 34) sets forth minimum criteria (percentage of the assets, liabilities, revenues, or expenditures/expenses of either fund category or the governmental and enterprise funds combined) for the determination of major funds. In addition to the funds that meet the major fund criteria, any other governmental or enterprise fund that the government's officials believe is particularly important to financial statement users may be reported as a major fund.

## **C. 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, as are the proprietary fund and fiduciary fund financial

statements. 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.

The parish implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows, or Resources and Net Position*. GASB 63 provides guidance for reporting deferred outflows or resources, deferred inflows or resources, and net position in a statement of financial position and related disclosures. The reader will note a change in terminology from "net assets" to "net position".

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, as well as expenditures related to claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The parish reports the following major governmental funds:

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

SPECIAL REVENUE FUNDS:

The Road and Bridge Funds account for the construction of new roads and bridges and the maintenance of the existing roads and roadside areas within the respective road districts. Major sources of revenues are 75% of the sales tax revenues and appropriations from the State of Louisiana Parish Transportation Fund.

The Garbage District No. 1 Fund accounts for the operation of the parish landfill. Major sources of revenue are ad valorem taxes and sanitation landfill user fees.

The Health Unit Fund accounts for the operations of the parish health units. Major sources of revenue are ad valorem taxes and state revenue sharing.

CAPITAL PROJECTS FUND:

The Hazard Mitigation fund accounts for the implementation of grants under the Federal Emergency Management Agency (FEMA) in regards to federally declared disaster relief and disaster mitigation. Major source of revenue are federal grants.

The parish reports the following fund types:

Internal service fund accounts for services provided to other departments and agencies of the parish, or to other governments on a reimbursement basis. The internal service fund is the Administrative Fund, established by the parish to render administrative and accounting services to various funds. It receives a fee from each fund based on a combination of revenues received and services rendered for that fund.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund 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 parish has elected not to follow subsequent private-sector guidance.

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are user fees. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

#### **D. DEPOSITS AND INVESTMENTS**

The parish's cash and cash equivalents consist of cash on hand and demand deposits. Amounts in time deposits and those investments with original maturities of 90 days or less are considered to be cash equivalents. State law allows the parish to invest in collateralized certificates of deposits, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities.

The parish had no investments at December 31, 2017.

#### **E. RECEIVABLES**

Receivables are shown net of an allowance for uncollectibles. Uncollectible amounts due for garbage charges are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivables. Uncollectible amounts for property taxes are recorded as a reduction of current revenues.

#### **F. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as due from other funds or due to other funds on the balance sheet. Short-term interfund loans are classified as interfund receivables/payables.

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

**G. INVENTORIES**

Inventories for supplies are immaterial and are recorded as expenditures/expenses when purchased.

**H. RESTRICTED ASSETS**

Certain resources of the parish are set aside for the payment of the high deductible insurance and health reimbursement plan, the Rainy Day reserve fund, debt service requirements, and unspent grant funds that are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by the parish administration.

**I. CAPITAL ASSETS**

Capital assets, which include property, plant, equipment, and infrastructure assets (roads and bridges), are reported in the applicable governmental or business-type activities columns 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 parish maintains a threshold level of \$1,000 or more for capitalizing capital assets.

For infrastructure that was acquired/built for the period July 1, 1980, to December 31, 2007, the parish has determined the value by using current replacement cost and deflating that cost by applying a CPI adjustment of 51.44% to approximate year of acquisition. There are three elements to the valuation: 1.) Land - Right of Way (ROW), 2.) Base, and 3.) Asphalt Surface.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, if material, is included as part of the capitalized value of the assets constructed.

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

<u>Description</u>	<u>Estimated Lives</u>
Governmental Activities	
Road and bridges	20 Years
Land improvements	10 Years
Buildings and building improvements	40 Years
Furniture and fixtures	5 Years
Vehicles	5 Years
Equipment	10-15 Years

**J. COMPENSATED ABSENCES**

Tangipahoa Parish Government has the following policy relating to vacation and sick leave:

Parish government employees are entitled to certain compensated absences based on their length of employment and overtime worked. Vested compensated absences are recorded as expenditures when the liability is incurred. Effective July 1, 2009, any vacation leave exceeding 240 hours will be paid to the employee at the time of their anniversary date at a rate of 50% of their current pay rate. No employee will accrue vacation in excess of 240 hours. Sick leave has not been accrued as the employee's right to sick



Tangipahoa Parish Government  
 Notes to the Financial Statements  
 As of and for the Year Ended December 31, 2017

Animal Shelter	ASPCA Funds
Section 8 Housing	Housing Choice Voucher Program, Disaster Housing Assistance Program - Katrina, and Disaster Housing Assistance Program - Ike
Council Chamber Communications	Cable provider contract
Shelter Grant	Emergency Shelter Grant Program
Juror Per Diem	Louisiana Revised Statute No. 13:3049
Witness Fee	Louisiana Revised Statute No. 15:255
Workforce Investment Opportunity Act	WIOA Funds

- Committed: This classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Parish Council, which is the parish's highest level of decision making authority. These amounts cannot be used for any other purpose unless the Parish Council removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

The parish has classified the following funds as committed:

General Fund	Rainy Day Fund created by Ordinance No. 13-40
Industrial Development Board	Action taken by Parish Council in 2002 to lease property to Wal-Mart and Elmer Candy Co.

- Assigned: This classification includes amounts that are constrained by the parish's intent to be used for a specific purpose but are neither restricted nor committed. This intent should be expressed by the parish's governing body itself or a committee or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.

The parish has classified the following fund as assigned:

Animal Shelter and Florida Parishes Arena

General Fund, Road and Bridge, Garbage District No.1, Health Unit, and Animal Shelter all have funds that are restricted as a result of the parish's Health Reimbursement Insurance Program.

- Unassigned: This classification is the residual fund balance for the General Fund. It also represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

The parish has classified the General Fund as unassigned.

The following funds are considered unassigned because they have a deficit in fund balances:

Long Term Recovery, Hazard Mitigation Grant Program, Library Construction Fund, Restore Act, and Capital Projects Grants.

When fund balance resources are available for a specific purpose in multiple classifications, the parish will generally use the most restrictive funds first in the following order: restricted, committed,

assigned, and unassigned as they are needed. However, the parish's management reserves the right to selectively spend unassigned resources first and to defer the use of the other classified funds.

**M. ESTIMATES**

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

**N. INTERFUND TRANSACTIONS**

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. For the purpose of the statement of activities, all interfund transfers between funds have been eliminated.

**O. ELIMINATION AND RECLASSIFICATION**

In the process of aggregating data for the statement of net assets and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

**P. AD VALOREM TAXES**

Ad valorem taxes are levied in October and billed to the taxpayers in November. Billed taxes become delinquent as of January 1<sup>st</sup> of the following year at which time an enforceable lien is attached. The taxes are generally collected in December of the current year and January and February of the ensuing year. Ad valorem taxes and related state revenue sharing are recorded in the year the taxes are billed. The Tangipahoa Parish Sheriff / Tax Collector on behalf of the parish bills, collects, and remits the property taxes based on assessed values determined by the Tangipahoa Parish Assessor.

The following is a summary of authorized and levied ad valorem taxes for the year:

	Authorized Millage	Levied Millage	Expiration Year
Parish wide Taxes:			
General Fund, Cities	2.00	1.53	Continuous
General Fund, Rural	4.00	3.06	Continuous
Special Revenue Fund:			
Health Unit Maintenance	4.00	4.00	2026
District Taxes:			
Special Revenue Funds:			
Road Lighting District Number 1	2.00	2.00	2024
Road Lighting District Number 2	16.62	6.00	2026
Road Lighting District Number 3	15.00	2.00	2019
Road Lighting District Number 4	15.29	5.50	2026
Road Lighting District Number 5	15.00	3.50	2020
Road Lighting District Number 6	15.00	5.00	2018

Tangipahoa Parish Government  
Notes to the Financial Statements  
As of and for the Year Ended December 31, 2017

Road Lighting District Number 7	10.00	2.00	2026
Garbage District Number 1	10.00	10.00	2022
Debt Service Funds:			
Road District Number 101	Variable	3.00	2036
Sub-Road District Number 1 of 101	Variable	3.00	2036

**Q. SALES TAXES**

In November 2016, the voters of Tangipahoa Parish approved a renewal of a one percent parish wide general sales and use tax to be levied for Tangipahoa Parish Government. The proceeds of the tax are dedicated on the basis of 75 percent for road and bridge maintenance and improvements and the remaining 25 percent for general governmental purposes. The tax as renewed in 2016 is effective January 1, 2018, through December 31, 2021.

**2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. BUDGETS**

The parish uses the following budget practices:

1. Preliminary budgets for the ensuing year are prepared by the director of finance during October of each year. During November, the parish council reviews the proposed budgets and makes changes as it deems appropriate. The availability of the proposed budgets is then advertised in the official journal. Prior to meeting in December, the parish holds a public hearing on the proposed budgets in order to receive comments from residents. Changes are made to the proposed budgets based on the public hearings and the desires of the parish council as a whole. The budgets are then adopted during the Council's meeting and notice is published in the official journal.
2. Unexpended appropriations lapse at year-end and must be appropriated again in the next year's budget to be expended.
3. The parish adopts budgets for the General Fund, all special revenue funds, and the internal service proprietary fund using the same basis of accounting to reflect actual revenues and expenditures recognized on a generally accepted accounting principles basis. Budgetary control is at the functional level. Within functions, the parish president has the authority to make amendments as necessary.
4. During the year, the council receives quarterly budget comparison statements that are used to control the operations of the parish. The director of finance presents necessary budget amendments to the council during the year when, in his judgment, actual operations differ materially from those anticipated in the original budget. During a regular meeting, the council reviews the proposed amendments, makes changes as it feels necessary, and formally adopts the amendments. The adoption of amendments is included in council minutes published in the official journal.

The original proposed budgets for the General Fund, the special revenue funds and the internal service proprietary fund were made available for public inspection on October 11, 2016. The parish failed to publish the notice of public hearing in the official journal. A public hearing was held at the parish's headquarters on December 12, 2016. The original budgets were adopted on December 12, 2016.

The budgets of the parish were amended three times during the year with the final amendment taking place on December 11, 2017.

**B. REVENUES – ACTUAL AND BUDGET**

The following individual fund had actual revenues and other sources that failed to meet budgeted amounts for the year ended December 31, 2017:

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>	<u>Percent</u>
Road Lighting #7	\$26,000	\$24,612	\$1,388	5.34%

The following individual funds had actual expenditures and other uses exceed budgeted amounts for the year ended December 31, 2017:

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>	<u>Percent</u>
Workforce	\$1,227,563	\$1,387,290	\$159,727	13.01%

The Louisiana Local Government Budget Act requires a local government to amend its operating budget when the total revenue and other sources fail to meet total budgeted revenues and other sources by 5% or more and when the total expenditures and other uses exceed total budgeted expenditures and other uses by 5% or more. The parish failed to amend the budget for the Road Lighting #7, WIOA Adult, Dislocated Worker, and WIOA Youth Out Funds by an adequate amount for the fiscal year ended December 31, 2017.

The excess expenditures were funded by available fund balance.

**C. FUND DEFICITS**

The following individual funds have a deficit in unreserved fund equity at December 31, 2017:

	<u>Deficit Amount</u>
Capital Projects Funds:	
Library Construction Fund	\$ 2,446
Long Term Recovery Fund	22,350
Restore Act	24,105
Capital Projects Grants	211
Hazard Mitigation Program Grant	55,618

The General Fund will transfer funds to cover the deficits until the grant funds are received.

**3. DEPOSITS AND INVESTMENTS**

At December 31, 2017, Tangipahoa Parish Government had deposits (book balances) totaling \$ 21,085,567 (including \$253,227 in the fiduciary fund) as follows:

Cash on hand	\$ 1,500
Non interest-bearing demand deposits	244,182
Interest-bearing demand deposits	<u>20,839,885</u>
	<u>\$21,085,567</u>

The 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

Tangipahoa Parish Government  
Notes to the Financial Statements  
As of and for the Year Ended December 31, 2017

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.,

Per GASB Statement 3, as amended by GASB 40, the parish's deposits are exposed to custodial credit risk since the collateral pledged by the fiscal agent is not held in the parish's name.

At December 31, 2017, Tangipahoa Parish Government had \$21,042,100 in deposits with a total of \$21,031,656 in interest bearing accounts and \$10,444 in non-interest bearing accounts. The total of \$21,042,100 is secured from risk by \$402,896 of federal deposit insurance and \$20,638,450 is uninsured but collateralized with securities held by the custodial bank in the name of the fiscal agent bank.

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 Tangipahoa Parish Government that the fiscal agent has failed to pay deposited funds upon demand.

#### 4. RECEIVABLES

The following is a summary of receivables at December 31, 2017:

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	Total Governmental Funds	Internal Service Fund
Taxes:						
Ad Valorem	\$1,277,814	\$5,388,760	\$ -	\$58,918	\$6,725,492	\$ -
Sales and Use	458,633	1,375,898	-	-	1,834,531	-
Intergovernmental:						
State Revenue Sharing	87,956	377,718	-	-	465,674	-
Other	356,255	1,665,154	752,170	-	2,773,579	-
Accounts	-	308,156	-	-	308,156	-
Less: allowance for						
Uncollectible accounts	-	(10,000)	-	-	(10,000)	-
Other	191,048	106,517	90,772	-	388,337	17,120
Total	<u>\$2,371,706</u>	<u>\$9,212,203</u>	<u>\$842,942</u>	<u>\$58,918</u>	<u>\$12,485,769</u>	<u>\$17,120</u>

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

#### 5. INTERFUND RECEIVABLES AND PAYABLES/TRANSFERS

A. Balances due to/from other funds at December 31, 2017, consist of the following:

Due to the Employee Withholding Fund from the General Fund to cover necessary expenses	\$ 950,000
Due to the General Fund from the Shelter grant to cover necessary expenses	13,500
Due to the General Fund from Workforce to cover necessary expenses	216,500
Due to the General Fund from the Hazard Mitigation Fund to cover necessary expenses	271,000
Due to the General Fund from the Library Construction Fund to cover necessary expenses	2,500
Due to the General Fund from the Long Term Recovery Fund to cover necessary expenses	173,100
Due to Road and Bridge from the Long Term Recovery Fund for Club Deluxe Water Line Relocation	213,750
Due to the General Fund from the Restore Act Fund to open a checking account	100
Total	<u>\$1,840,450</u>

Tangipahoa Parish Government  
Notes to the Financial Statements  
As of and for the Year Ended December 31, 2017

B. Interfund transfers at December 31, 2017, consist of the following:

From the General Fund to Section 8 to cover necessary expenses	\$ 30,000
From the General Fund to the Animal Shelter Fund to subsidize operations	275,000
From the General Fund to the Florida Parishes Arena Fund to subsidize operations	315,000
From the General Fund to the Florida Parishes Arena Fund for Economic Development	125,000
From the General Fund to Workforce Development to cover necessary expenses	19,315
From the General Fund to Council Chambers Communication to cover necessary expenses	292
From the General Fund to Shelter Grant #679223 to cover necessary expenses	1,379
From the Road and Bridge Fund to Long Term Recovery Fund to cover necessary expenses	612
From the Road and Bridge Fund to the Hazard Mitigation Fund for Safe Room costs	543,071
From the Garbage Maintenance Fund to Hazard Mitigation Fund for Safe Room costs	152,810
From the Admin Fund to Hazard Mitigation Fund for Safe Room costs	76,463
From the General Fund to Hazard Mitigation Fund for Safe Room costs	404,005
From the Road and Bridge Fund to the Road District 101 Sub Sinking Fund for bond fees	8,984
From the Road and Bridge Fund to the Road District 101 Sinking Fund for bond fees	7,154
From the Road and Bridge Fund to the General Fund for GOMESA funds to purchase Lee's Landing Parking Lot	<u>33,082</u>
Total	<u>\$1,992,167</u>

**6. CAPITAL ASSETS**

The following is a summary of changes in capital assets for the fiscal year ended December 31, 2017:

	Balance 12-31-16	Increases	Decreases	Balance 12-31-17
Governmental Activities:				
Capital assets not depreciated:				
Land	\$ 3,146,291	\$ 139,138	\$ -	\$ 3,285,429
Infrastructure (Land & Base)	75,245,465	-	-	75,245,465
Construction in progress (restated)	<u>5,701,962</u>	<u>12,308,589</u>	<u>5,409,363</u>	<u>12,601,188</u>
Total capital assets not depreciated	<u>84,093,718</u>	<u>12,447,727</u>	<u>5,409,363</u>	<u>91,132,082</u>
Capital assets depreciated:				
Buildings (restated)	49,597,164	5,264,697	141,655	54,720,206
Infrastructure	126,451,917	-	-	126,451,917
Equipment	<u>16,933,968</u>	<u>3,039,909</u>	<u>715,732</u>	<u>19,258,145</u>
Total capital assets depreciated	<u>192,983,049</u>	<u>8,304,606</u>	<u>857,387</u>	<u>200,430,268</u>
Less accumulated depreciation for:				
Buildings (restated)	15,366,109	1,344,649	106,623	16,604,135
Infrastructure	64,715,382	4,392,633	-	69,108,015
Equipment	<u>11,283,162</u>	<u>1,442,277</u>	<u>660,942</u>	<u>12,064,497</u>
Total accumulated depreciation	<u>91,364,653</u>	<u>7,179,559</u>	<u>767,565</u>	<u>97,776,647</u>
Total capital assets depreciated, net (restated)	<u>101,618,396</u>	<u>1,125,047</u>	<u>89,822</u>	<u>102,653,621</u>
Total governmental activities capital assets, net (restated)	<u>\$ 185,712,114</u>	<u>\$ 13,572,774</u>	<u>\$ 5,499,185</u>	<u>\$ 193,785,703</u>

Depreciation was charged to governmental functions as follows:

General government	\$ 467,942
Culture and recreation	288,105
Public safety	208,824
Public works	5,879,699
Economic Development	85
Health and welfare	312,557
Capital assets held by internal service funds - charged to general government	<u>22,347</u>
Total depreciation expense - governmental activities	<u>\$7,179,559</u>

## **7. RESTRICTED ASSET - CASH**

### Governmental Activities/Funds

#### High Deductible Insurance and Health Reimbursement Plan

Tangipahoa Parish Government provides to its employees, as an employment benefit, a High Deductible Health Insurance Plan (through Blue Cross Blue Shield) which is supplemented by Individual Health Reimbursement Accounts (administered by Choice Care). In addition to paying the health insurance premium for the employee, the parish is also responsible to pay a portion of the employee's deductible. In order to properly fund this deductible portion, the parish makes monthly deposits equal to 1/12th of the parish portion of the annual deductible into a separate bank account. These funds are then transferred to Choice Care as the employees use the funds for qualifying medical expenses. Any balances remaining after the close of the deductible year are carried over to offset future plan expenses. As of December 31, 2017, the combined cash balance of this fund was \$568,046, which is presented on the Statement of Net Position as Restricted Assets - Cash.

#### Ordinance No 13-40: Reserve Fund:

On October 15, 2013, the council adopted an ordinance to establish a reserve fund that shall be kept in a separate bank account. These funds can only be spent upon the specific request of the Parish President and the approval of two-thirds vote of the Tangipahoa Parish Council. As of December 31, 2017, the cash balance of this account was \$736,913.

#### Debt Service Requirements:

During 2013, the parish issued Revenue Bonds for the purpose of acquiring, constructing, extending and improving the parish landfill. Upon the issuance of these bonds, the parish became subject to Debt Service Requirements. Per the Ordinance No. 13-05, a reserve requirement of \$152,750 is restricted in the Debt Service Reserve Checking Account until the Revenue Bonds have matured. The parish complied with this requirement for the year ending December 31, 2017.

## **8. COMPENSATED ABSENCES**

At December 31, 2017, employees of Tangipahoa Parish Government have accumulated and vested \$581,069 of employee leave benefits, which was computed in accordance with GASB Codification Section C60. Of this amount, \$88,969 is recorded as an obligation of the General Fund, and \$456,580 is recorded as an obligation of the Special Revenue Funds. The leave liability for employees of the Internal Service Fund in the amount of \$35,520 is accounted for within these funds.

## **9. LEASES**

The parish has no material long-term, noncancellable operating lease commitments at December 31, 2017.

**10. LONG-TERM DEBT**

A. Summary of Changes in Long-Term Debt

The following is a summary of the long-term obligation transactions for the year ended December 31, 2017:

<u>Governmental Activities:</u>	<u>Balance</u> <u>01/01/17</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/17</u>	<u>Due Within</u> <u>One Year</u>
General Obligation Bonds	\$ -	\$ 755,100	\$ -	\$ 755,100	\$ 23,000
Landfill Revenue Bonds	2,275,000	-	50,000	2,225,000	50,000
Estimated Liability for Landfill Closure/ Postclosure Care Cost	7,183,216	242,183	-	7,425,399	-
<b>Total Governmental Activities</b>	<b>\$ 9,458,216</b>	<b>\$ 997,283</b>	<b>\$ 50,000</b>	<b>\$ 10,405,499</b>	<b>\$ 73,000</b>

B. Bonds:

The parish has three bond issues:

Governmental Activities:

Landfill Revenue Bonds:

\$2,400,000 issue of 2013 for the purpose of acquiring, constructing, extending and improving parish landfill, due in semi-annual installments of \$3,625 to \$148,625 through April 1, 2043 with interest at 2.5 to 5.0 percent. Debt retirement payments are made from the Garbage Maintenance District No. 1 Fund.	<u>\$2,225,000</u>
Total Revenue Bonds	<u>\$2,225,000</u>

General Obligation Bonds:

Road District No. 101 General Obligation Bonds:

\$392,800 issue of 2017 for the purpose of financing the construction and improvements of public roads, highways and bridges within the district, due in semi-annual installments of \$549 to \$28,349 through March 1, 2037 with interest at 3.95 percent. Debt retirement payments are made from the Road District No. 101 Sinking Fund.	<u>\$392,800</u>
--	------------------

Sub-Road District No. 1 of Road District No. 101 General Obligation Bonds:

\$362,300 issue of 2017 for the purpose of financing the construction and improvements of public roads, highways and bridges within the district, due in semi-annual installments of \$505 and \$26,105 through March 1, 2037 with interest at 3.95 percent. Debt retirement payments are made from the Sub-Road District No. 1 of Road District No. 101 Sub-Sinking Fund.	<u>362,300</u>
Total General Obligation Bonds	<u>\$755,100</u>

Tangipahoa Parish Government  
Notes to the Financial Statements  
As of and for the Year Ended December 31, 2017

C. Debt Service Requirements to Maturity

The annual debt service requirements, including principal and interest, are as follows:

Landfill Revenue Bonds:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 50,000	\$ 100,200	\$ 150,200
2019	50,000	98,638	148,638
2020	50,000	96,763	146,763
2021	55,000	94,794	149,794
2022	55,000	92,731	147,731
2023-2027	320,000	426,907	746,907
2028-2032	390,000	350,489	740,489
2033-2037	490,000	249,614	739,614
2038-2042	620,000	116,613	736,613
2043	145,000	3,625	148,625
	<u>\$2,225,000</u>	<u>\$1,630,374</u>	<u>\$3,855,374</u>

General Obligation Bonds:

Road District No. 101:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 11,000	\$ 15,298	\$ 26,298
2019	13,900	14,806	28,706
2020	14,400	14,248	28,648
2021	15,000	13,667	28,667
2022	15,600	13,063	28,663
2023-2027	87,600	55,391	142,991
2028-2032	106,300	36,294	142,594
2033-2037	129,000	13,134	142,134
	<u>\$392,800</u>	<u>\$175,901</u>	<u>\$568,701</u>

Sub-Road District No. 1 of Road District No. 101:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 12,000	\$ 14,074	\$ 26,074
2019	12,700	13,586	26,286
2020	13,200	13,075	26,275
2021	13,700	12,543	26,243
2022	14,300	11,990	26,290
2023-2027	80,400	50,840	131,240
2028-2032	97,600	33,330	130,930
2033-2037	118,400	12,059	130,459
	<u>\$362,300</u>	<u>\$161,497</u>	<u>\$523,797</u>

## **11. DEDICATION OF PROCEEDS & FLOW OF FUNDS-PARISH OF TANGIPAHOA, STATE OF LOUISIANA REVENUE BONDS**

The parish through its governing authority adopted an ordinance on February 25, 2013, authorizing the issuance of Parish of Tangipahoa, State of Louisiana Revenue Bonds, Series 2013 in the amount of \$2,400,000 for the purpose of (i) acquiring, constructing, extending and improving the parish landfill, including the cost of placing a cap on the portion of the landfill no longer accepting waste; (ii) funding a debt service reserve fund or purchasing a reserve fund surety bond, if necessary; and (iii) paying the costs of issuing the Bonds. In that ordinance, the Bonds will be payable from the income, revenues and receipts generated by Garbage District No. 1 of Tangipahoa Parish. If such revenues are not sufficient, General Fund revenues or unrestricted revenues of the parish may be utilized. The ordinance authorized the issuance, sale and delivery of the Bonds to Crews & Associates, Inc., Little Rock, Arkansas and authorized the Parish President to execute a purchase agreement with Crews & Associates, Inc., within the parameters set forth by the ordinance. In that ordinance, certain funds are required to be established and maintained with the Paying Agent for the receipt and disbursement of Bond Proceeds. An analysis of these accounts is provided as follows:

Bond Proceeds Fund- The bond ordinance requires that the proceeds of the Bonds issuance be deposited into the Bond Proceeds Fund, which will be used to pay the cost of issuance and, to either transfer to the Reserve Fund an amount equal to the Reserve Requirement or deposit a Reserve Fund Alternate Investment meeting the qualifications set forth in the ordinance, and to transfer the remaining balance to the Project Fund.

The Bond Proceeds Fund was closed on September 25, 2013, after fulfilling the requirements of this covenant.

Debt Service Fund- The bond ordinance requires that a Debt Service Fund be created to receive deposits five days prior to each Interest Payment Date of the amount required to make principal and interest payments due on such Interest Payment Date. The Paying Agent will then use the monies on deposit in the Debt Service Fund to make principal and interest payments to the bondholders, as set forth in the agreement.

At December 31, 2017, the parish was in **compliance** with this covenant.

The Project Fund-The bond ordinance requires that the Project Fund be established and maintained to receive the immediate transfer of the **balance** of the proceeds of the bonds as provided by the requirements of the Bond Ordinance, \$2,052,500. Monies in the Project Fund shall be applied to the payment of the costs of the Project, and pending such application, shall be subject to a lien and charge in favor of the Bondholders for the further security of such Bondholders until paid out or transferred as provided in the ordinance. The ordinance requires that the money in the Project Fund be applied to the payment of the costs of the Project, except to the extent required to be transferred to the Rebate Fund in accordance with the Tax Certificate and, pending such application, shall be held as trust funds under T.P. Ordinance 13-05 until paid out or transferred. Money held in the project fund shall be paid out within three business days by the Paying Agent in order to pay, or to reimburse the Issuer for the payments made, for the costs of the Project upon receipt by the Paying Agent of the written request of the parish in substantially the form included within the ordinance. Upon certification of an Executive Officer that all costs incurred in connection with the Project and in connection with the issuance, sale and delivery of the Bonds have been paid, any balance remaining in the Project Fund shall be deposited into the Debt Service Fund. As of February 3, 2014, the Project as defined by T.P. Ordinance No. 13-05 was complete. The Project Fund was closed on November 20, 2014.

The Debt Service Reserve Fund- The bond ordinance requires that the Debt Service Reserve fund be created and maintained to receive a portion of the proceeds of the Bonds in the amount of the Reserve Requirement, \$152,750. Monies held by the Paying Agent may be invested in Qualified Investments and the earnings on such monies must be transferred to the Debt Service Fund and applied as a credit against the parish's next installment of interest on the Bonds. If the money held in the Reserve Fund, including interest earnings, exceeds the Reserve Requirement on the Bonds, an amount equal to such excess shall be transferred by the Paying Agent to the Debt Service Fund. The Paying Agent must value the Debt Service Reserve Fund

annually on November 15<sup>th</sup>. Earnings on amounts in the Reserve fund shall be transferred to the Debt Service Fund and applied as a credit against the Issuer's next installment of the interest on the Bonds. If the amount on deposit in the Reserve Fund is less than the Debt Service Reserve Fund requirement on the Bonds, the Paying Agent must notify the parish of the amount of the deficiency. Upon notification, the parish must deliver to the Paying Agent an amount sufficient to cure the deficiency in accordance to the ordinance.

At December 31, 2017, the parish was in **compliance** with this covenant.

**12. DEDICATION OF PROCEEDS & FLOW OF FUNDS- ROAD DISTRICT NO. 101 OF THE PARISH OF TANGIPAHOA, LOUISIANA GENERAL OBLIGATION BONDS, SERIES 2017 AND SUB-ROAD DISTRICT NO. 1 OF ROAD DISTRICT NO. 101 OF THE PARISH OF TANGIPAHOA, LOUISIANA GENERAL OBLIGATION BONDS, SERIES 2017**

The parish through its governing authority adopted ordinances 17-02 and 17-03 on February 13, 2017, authorizing the issuance of Road District No. 101 of the Parish of Tangipahoa, Louisiana General Obligation Bonds, Series 2017 and Sub-Road District No. 1 of Road District No. 101 of the Parish of Tangipahoa, Louisiana General Obligation Bonds, Series 2017 in the amount of \$392,800 and \$362,300, respectively, for the purpose of (i) financing the construction and improvements of public roads, highways and bridges; (ii) funding capitalized interest on the Series 2017 Bonds, and (iii) paying the costs of issuing the Series 2017 Bonds. Per the ordinances, the Bonds will be payable from ad valorem taxes to be levied and collected in the manner provided by Article VI, Section 33 of the Constitution of the State of Louisiana of 1974, and statutory authority supplemental thereto with an estimated three (3) mills for each district to be levied in the first year to provide for the payment of principal and interest on said bonds. Certain funds are required to be established and maintained with the Paying Agent for the receipt and disbursement of Bond Proceeds. An analysis of these accounts is provided as follows:

Debt Service Fund- The bond ordinance requires that a Debt Service Fund be established to receive deposits of the Tax and accrued interest, if any, on the Bonds. The fiscal agent depository for the Debt Service Fund shall transfer from the Debt Service Fund to the Paying Agent at least three (3) days in advance of each Interest Payment Date, funds fully sufficient to pay promptly the principal and interest falling due on such date.

The paying agent is also the parish's fiscal agent and does not require the establishment of a debt service fund. The parish is accounting for debt service payments for both bonds in separate internal debt service funds. At December 31, 2017, the parish was in **compliance** with this covenant.

Capitalized Interest Fund- The bond ordinance requires that a Capitalized Interest Fund be created to be held by the Paying Agent. Any proceeds of the Bonds which constitute capital interest shall be deposited therein and the proceeds shall be used solely to make interest payments on the Bonds prior to receipt of sufficient Tax proceeds.

The paying agent is also the parish's fiscal agent and does not require the establishment of a Capitalized Interest Fund. The parish is accounting for capitalized interest payments for both bonds in separate internal debt service funds.

At December 31, 2017, the parish was in **compliance** with this covenant.

**13. COMPLIANCE WITH PARISH OF TANGIPAHOA, STATE OF LOUISIANA REVENUE BONDS, SERIES 2013**

The parish through its governing authority adopted an ordinance on February 26, 2013, authorizing the issuance of Parish of Tangipahoa, State of Louisiana Revenue Bonds, Series 2013 in the amount of \$2,400,000 for the purpose of (i) acquiring, constructing, extending and improving the parish landfill, including the cost of placing a cap on the portion of the landfill no longer accepting waste; (ii) funding a debt service reserve fund or purchasing a reserve fund surety bond, if necessary; and (iii) paying the costs of issuing the bonds. In that ordinance, the bonds will be payable from the income, revenues and receipts generated by

Garbage District No. 1 of Tangipahoa Parish. That bond ordinance and agreement contained certain covenants and agreements in connection with the security and payment of the bonds. The major covenants contained in the bond resolution and agreement and the manner in which the parish has complied with these covenants is described as follows:

Rate Covenant- The parish and the District have agreed in the Local Services Agreement to maintain the Net Garbage Revenues in each calendar year at a minimum of 105% of the debt service requirements on the Bonds coming due during such year. The Local Services Agreement provides that the failure of the parish and the District to maintain the Rate Covenant shall result in an event of default under the Bond Ordinance. The Local Services Agreement and the Bond Ordinance are not cross defaulted.

At December 31, 2017, the parish was in **compliance** with the Rate Covenant.

Authorization of Bonds: Maturities- The Bonds shall be in fully registered form, shall be dated the date of delivery thereof, shall be issued in denominations of Five Thousand Dollars (\$5,000) or any integral multiple thereof within a single maturity (each, and "Authorized Denomination") and shall be numbered from R-1 upward. The Bonds shall bear interest from the date thereof or from the most recent Interest Payment Date to which interest has been paid or duly provided for, payable on each Interest Payment Date, at the rates of interest per annum as set forth in the Purchase Agreement, such rates not to exceed five and one-half percent (5.50%) per annum (using a year of 360 days comprised of twelve (12) 30-day months). The Bonds shall become due and payable and mature on the dates set forth in the Purchase Agreement and in the Agreement; however, the final maturity date of the bonds shall not extend beyond thirty (30) years from the date of issuance of the Bonds.

At December 31, 2017, the parish was in **compliance** with this covenant.

Budget, Audit- As long as any of the bonds are outstanding and unpaid in principal or interest, the parish shall prepare and adopt a budget prior to the beginning of each fiscal year and shall furnish a copy of such budget within thirty (30) days after its adoption to the owners of any of the bonds who request the same. Additionally, the parish shall cause an audit of its books and accounts to be made by the Legislative Auditor or an independent firm of certified public accountants showing the receipts and disbursements made by the parish during the previous fiscal year. Such audit shall be available for inspection by the owner of any of the bonds.

At December 31, 2017, the parish was in **compliance** with this covenant.

**14. COMPLIANCE WITH ROAD DISTRICT NO. 101 OF THE PARISH OF TANGIPAHOA, LOUISIANA GENERAL OBLIGATION BONDS, SERIES 2017 AND SUB-ROAD DISTRICT NO. 1 OF ROAD DISTRICT NO. 101 OF THE PARISH OF TANGIPAHOA, LOUISIANA GENERAL OBLIGATION BONDS, SERIES 2017**

The parish through its governing authority adopted an ordinance on February 13, 2017, authorizing the issuance of Road District No. 101 of the Parish of Tangipahoa, Louisiana General Obligation Bonds, Series 2017 and Sub-Road District No. 1 of Road District No. 101 of the Parish of Tangipahoa, Louisiana General Obligation Bonds, Series 2017 in the amount of \$392,800 and \$362,300, respectively, for the purpose of (i) financing the construction and improvements of public roads, highways and bridges; (ii) funding capitalized interest on the Series 2017 Bonds, and (iii) paying the costs of issuing the Series 2017 Bonds. Per the ordinances, the Bonds will be payable from ad valorem taxes to be levied and collected in the manner provided by Article VI, Section 33 of the Constitution of the State of Louisiana of 1974, and statutory authority supplemental thereto with an estimated three (3) mills for each district to be levied in the first year to provide for the payment of principal and interest on said bonds. The major covenants contained in the bond ordinance and agreements and the manner in which the parish has complied with these covenants is described as follows:

Authorization of Bonds: Maturities- The Bonds shall be in fully registered form, shall be issued in Authorized denominations within a single maturity, and shall be numbered consecutively from R-1 upward. The unpaid principal of the Bonds shall bear interest from the date thereof or from the most recent Interest Payment Date

to which interest has been paid or duly provided for, payable on each Interest Payment Date, commencing September 1, 2017, at not to exceed four percent (4.00%) per annum, or such lesser amount as set forth therein, and shall mature serially on March 1 of each year (with a final maturity on March 1, 2037) (in amounts as set forth in the Purchase Agreement).

At December 31, 2017, the parish was in **compliance** with this covenant.

**Registration with Secretary of State-** The Bonds shall be registered with the Secretary of State of the State of Louisiana as provided by law and shall bear the endorsement of the Secretary of State of Louisiana in substantially the form set forth herein, provided such endorsement shall be manually signed only on the Bonds initially delivered to the purchaser, and any Bonds subsequently exchanged therefore as permitted in this Ordinance may bear the facsimile signature of said Secretary of State.

At December 31, 2017, the parish was in **compliance** with this covenant.

**Pledge of Full Faith and Credit: Tax Levy-** The Bonds shall constitute general obligations of the Issuer, and the full faith and credit of the Issuer is hereby pledged to the punctual payment of the Bonds in accordance with the authority of Article VI, Section 33 of the Constitution of the State of Louisiana of 1974, and constitutional and statutory authority supplemental thereto. The Issuer obligates itself and is bound under the terms and provisions of law and the election authorizing the Bond to impose and collect annually in excess of all other taxes the Tax on all property subject to taxation within the territorial limits of the Issuer sufficient to pay principal of and interest on the Bonds falling due in each year, said Tax to be levied and collected by the same officers, in the same manner and at the same time as other taxes are levied and collected within the territorial limits of the Issuer. The proceeds of such Tax shall be devoted and applied to the payment of said interest and principal as such shall become due and without further action on the part of the Governing Authority, the proper officer or officers are hereby authorized and directed, beginning with the year 2017, to include in the annual levy of taxes upon, and to extend upon the assessment rolls against, all taxable property situated within the territorial limits of the Issuer, a sum sufficient to pay the principal of, premium, if any, and interest on the Bonds becoming due the ensuing year.

At December 31, 2017, the parish was in **compliance** with this covenant.

**Project Fund-** The District reasonably expects as follows with respect to the Proceeds of the Series 2017 Bonds (the "Improvement Project Proceeds") that will be deposited to a fund established by the District (the "Project Fund"): (1) The District will allocate at least eighty-five percent (85%) of the Net Sale Proceeds of the Series 2017 Bonds to expenditures for the Improvement Project within three (3) years of the Issue Date, as set forth in the District's Spending Schedule. (2) The District has incurred or within six (6) months of the Issue Date will incur substantial binding obligations to unrelated third parties to spend at least five percent (5%) of the Net Sale Proceeds of the Series 2017 Bonds on expenditures for the Improvement Project; and (3) The completion of the Improvement Project and the allocation of Proceeds of the Series 2017 Bonds to expenditures will proceed with due diligence to completion.

The parish incurred substantial binding obligations to unrelated third parties to spend at least five percent (5%) of the Net Sale Proceeds of the Series 2017 Bonds on expenditures for the Improvement Project on November 29, 2017, outside of the 6-month window as prescribed in the Tax Compliance and No Arbitrage Certificate.

At December 31, 2017, the parish was **not in compliance** with this section of the Tax Compliance and No Arbitrage Certificate.

## **15. LANDFILL CLOSURE AND POSTCLOSURE COSTS**

State and federal laws and regulations require Tangipahoa Parish Government to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. In addition to operating expenses relating to current activities of the landfill, an expense provision and related liability are being recognized based on the future closure and postclosure care

costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of these landfill closure and postclosure care costs is based on the amount of the landfill used during the year. The estimated liability for landfill closure and postclosure care costs is \$7,425,399 as of December 31, 2017, which is based on 93.09 percent usage (filled) of the landfill. The percentage usage reflects an update in the engineering estimate of percentage usage, and the related estimated liability for landfill closure and postclosure costs required by the Louisiana Department of Environmental Quality (LDEQ) regulations for postclosure care of solid waste facilities. It is estimated that \$2,510,000 will be recognized as closure and postclosure care expenses between the date of the balance sheet and the date the landfill is expected to be filled to capacity in 2 years (March 2019). The estimated total current cost of the landfill closure and postclosure care costs of \$7,977,000 is based on the amount that would be paid (with year 2017 dollars) if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of

December 31, 2017. However, the actual cost of closure and postclosure care may be higher due to inflation or deflation, changes in technology, or changes in landfill laws and regulations. In addition, total closure and postclosure costs, as well as estimates of percentage usage of the landfill, will change as any additional cells are permitted to accept additional waste. The aforementioned dollar amounts are based on information provided by Fourrier & de Abreu Engineers, L.L.C.

Tangipahoa Parish Government anticipates that the liability for closure and postclosure cost will be funded on a "pay-as-you-go basis", if allowed. The management of Tangipahoa Parish Government understands that it satisfies the Local Government financial test due to meeting the financial ratio thresholds.

**16. PENSION PLAN**

*Plan Description.* Substantially all full-time employees of the Tangipahoa Parish Government are members of the Parochial Employees' Retirement System of Louisiana (System), a multi-employer (cost-sharing), public employee retirement system (PERS), controlled and administered by a separate board of trustees. The System is composed of two (2) distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the parish are members of Plan A.

All permanent employees working at least 28 hours per week who are paid wholly or in part from parish funds and all elected parish officials are eligible to participate in the System. New employees meeting the age and social security criteria have up to ninety (90) days from their date of hire to elect to participate. Under Plan A the eligibility provisions are as follows:

<u>Hired Prior to January 1, 2007</u>	<u>Hired January 1, 2007, and Later</u>
7 years and age 65	7 years and age 67
10 years and age 60	10 years and age 62
25 years and age 55	30 years and age 55
30 years and any age	

The retirement allowance is equal to three percent of the member's final average compensation multiplied by his years of creditable service. Final average compensation shall be defined as the average of the highest consecutive 36 months salary for members hired prior to January 1, 2007. For members hired January 1, 2007, and later, final average compensation shall be defined as the average of the highest consecutive 60 months salary.

Any employee who was a member of the supplemental plan only prior to the revision date (January 1, 1980) has the benefit earned for service credited prior to the revision date on the basis of one percent of final compensation plus two dollars per month for each year credited prior to the revision date, and three percent of final compensation plus two dollars per month for each year credited prior to the revision date, and three percent of final compensation for each year of service credited after the revision date. The retirement allowance may not exceed the greater of one hundred percent of a member's final salary or the final average compensation.

Tangipahoa Parish Government  
Notes to the Financial Statements  
As of and for the Year Ended December 31, 2017

Employees who terminate with at least the amount of creditable service stated above and do not withdraw their employee contributions may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

Employers shall pay the actuarial cost of leave conversion at the time of retirement for those members enrolled January 1, 2007, and later.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Parochial

Employees' Retirement System, Post Office Box 14619, Baton Rouge, Louisiana 70898-4619, or by calling (225) 928-1361.

*Funding Policy.* Under Plan A, members are required by state statute to contribute 9.5 percent of their annual covered salary and Tangipahoa Parish Government is required to contribute at an actuarially determined rate. The rate for 2017 is 12.50 percent of annual covered payroll. Contributions to the System also include one-fourth of one percent (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and Tangipahoa Parish Government are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Tangipahoa Parish Government's contributions to the System under Plan A for the years ending December 31, 2017, 2016, and 2015 were \$1,508,453, \$1,389,268, and \$1,415,379, respectively, equal to the required contributions for each year.

Part-time employees of the parish are members of the social security system. In addition to employee payroll deductions, parish funds are remitted to match the employee contributions. Aggregate contributions to the social security system for the year ended December 31, 2017, were \$127,808 of which \$63,904 was contributed by the parish.

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

At December 31, 2017, the parish reported a liability of \$3,711,181 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The parish's proportion of the net pension liability was based on a projection of the parish's long-term share of contributions to the pension plan relative to the projected contributions of all participants, actuarially determined. At December 31, 2016, the parish's proportion was 1.801970 percent.

For the year ended December 31, 2017, the parish recognized pension expense of \$2,205,422. At December 31, 2017, the parish reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$649,422
Changes of assumptions	704,589	-
Net difference between projections and actual earnings on pension plan investments	2,880,014	-
Changes in proportion and difference between parish Contributions and proportionate share of contributions	4,546	1,512
Clerk contributions subsequent to the measurement date	<u>1,508,453</u>	<u>-</u>
Total	<u>\$5,097,602</u>	<u>\$650,934</u>

Tangipahoa Parish Government  
Notes to the Financial Statements  
As of and for the Year Ended December 31, 2017

\$1,508,453 reported as deferred outflows of resources related to pensions resulting from parish contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	
2017	\$1,091,830
2018	1,164,430
2019	759,766
2020	(77,811)
2021 Thereafter	-

*Actuarial assumptions.* The total pension liability in the December 31, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date	December 31, 2016
Actuarial cost method	Entry Age Normal
Actuarial assumptions:	
Investment rate of return	7.00% (Net of investment expense)
Projected salary increase	5.25% (2.75% Merit, 2.50% Inflation)
Mortality rates	RP-2000 Employee Sex Distinct Table was selected for employees. RP-2000 Healthy Annuitant Sex Table was selected for annuitants and beneficiaries. RP-2000 Disabled Lives Mortality Table was selected for disabled annuitants.
Expected remaining service lives	4 years
Cost of living adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increase not yet authorized by the Board of Trustees.

The actuarial assumptions used in the December 31, 2016, valuation (excluding Mortality) was based on actuarial funding valuation and results of an actuarial experience study for the period January 1, 2010, to December 31, 2014, unless otherwise specified.

The long-term expected real rate of return on pension plan investments was determined using a triangulation method in which integrated the CAPM pricing model (top-down), a treasury yield curve approach (bottom-up) and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward looking basis in equilibrium, in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.00% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.66% for the year ended December 31, 2016.

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of December 31, 2016, are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Fixed Income	35%	1.24%
Equity	52%	3.63%
Alternatives	11%	.67%
Real assets	<u>2%</u>	<u>.12%</u>
Total	<u>100%</u>	<u>5.66%</u>
Inflation		2.00%
Expected Arithmetic Nominal Return		7.66%

*Discount Rate.* The discount rate used to measure the total pension liability was 7.00% for Plan A. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers and non-employer contributing entities will be made at the actuarially determined contribution rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine total pension liability.

*Sensitivity to Changes in Discount Rate:*

The following presents the net pension liability of the participating employers calculated using the discount rate of 7.00%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower 6.00% or one percentage point higher 8.00% than the current rate.

	Changes in Discount Rate 2016		
	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Net Pension Liability	\$11,101,632	\$3,711,181	\$(2,537,670)

**17. DEFERRED COMPENSATION PLAN**

Tangipahoa Parish Government offers its employees two deferred compensation plans adopted under the provisions of the Internal Revenue Code 457. One plan, with Nationwide Retirement Solutions, Inc. (formerly Public Employees Benefits Service Corporation), is available to all parish employees and permits them to defer a portion of their salaries until future years. No portion of this deferred compensation is paid by the parish. The other plan, with State of Louisiana Deferred Compensation Plan, is available only to those employees who are not members of the Parochial Employees' Retirement System of Louisiana. This plan also permits eligible parish employees to defer a portion of their salaries until future years. The parish pays 7.5% of the eligible employees' salaries into this plan.

The deferred compensation of both plans is not available to employees until termination, retirement, death, or unforeseeable emergency.

Complete disclosures relating to the State of Louisiana Deferred Compensation Plan are included in the separately issued audit report for the State of Louisiana Deferred Compensation Plan, available from the Louisiana Legislative Auditor, Post Office Box 94397, Baton Rouge, Louisiana 70804-9397.

During 2017, the parish contributed a total of \$81,916 to the State of Louisiana Deferred Compensation Plan.

**18. POSTEMPLOYMENT HEALTH CARE BENEFITS**

*Plan Description.* In accordance with Ordinance 06-26 adopted on May 8, 2006, employees who retire from the parish with at least 7 years of service may qualify for participation in the Retirement Group Insurance Plan (RGIP). RGIP is a self-administered, single-employer, defined benefit plan. RGIP provides medical benefits to eligible retirees and their spouses. The participant must also have been covered under the Employee Group Insurance Plan for at least one year prior to retirement. A plan participant may only select coverage up to the extent that the participant had coverage under the Employee Group Insurance Plan prior to retirement. The participant may reduce coverage but may not increase coverage. RGIP does not issue a financial report; however, the entity is included in the parish's annual financial report. You may obtain a copy of the annual financial report by contacting Jeff McKneely, Director of Finance at (985) 748-3211 or Tangipahoa Parish Government, P.O. Box 215, Amite, LA 70422.

*Funding Policy.* The parish's portion of the post-retirement benefit is as follows:

<u>Years of Service</u>	<u>Parish's Portion</u>
7-9	None
10-14	25% of the total premium up to \$350 per month
15 or more	50% of the total premium up to \$350 per month

Once the participant and spouse are eligible for Medicare, the participant can elect to move to the parish Medicare Supplement Plan. If elected, the parish will pay 100% of the premium up to \$350 per month.

*Annual Required Contribution (ARC).* The parish's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB Statement No. 45. The ARC is the sum of the Normal Cost plus the contribution to amortize the unfunded Actuarial Accrued Liability (UAAL). A level dollar, closed amortization period of 30 years (the maximum amortization period allowed by GASB 43/45) has been used for the post-employment benefits. The total ARC for fiscal year beginning January 1, 2017, is \$343,863 as set forth as below:

Normal cost	\$ 152,671
Interest on normal cost and amortization	6,107
Amortization of the UAAL	<u>185,085</u>
Annual Required Contribution (ARC)	<u>\$ 343,863</u>

*Net Post-employment Benefit Obligation.* The following schedule shows the parish's net OPEB obligation for fiscal year ending December 31, 2017:

Annual Required Contribution	\$ 343,863
Interest on net OPEB obligation	83,844
Less: ARC adjustment	<u>(116,555)</u>
Annual OPEB cost	311,152
Contributions made by employer	<u>(86,414)</u>
Increase in net OPEB obligation	224,738
Beginning net OPEB obligation, December 31, 2016	<u>2,096,094</u>
Ending net OPEB obligation, December 31, 2017	<u>\$2,320,832</u>

Tangipahoa Parish Government  
Notes to the Financial Statements  
As of and for the Year Ended December 31, 2017

The following schedule shows the parish's annual post employment benefits (OPEB) cost, percentage of the cost contributed, and the net unfunded post employment benefits (OPEB) liability (asset):

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual Cost Contributed	Net OPEB Obligation
2008	\$302,106	7.56%	\$279,276
2009	\$297,751	10.39%	\$546,402
2010	\$348,614	10.27%	\$859,208
2011	\$361,116	10.83%	\$1,181,224
2012	\$233,597	17.67%	\$1,373,536
2013	\$241,289	19.66%	\$1,567,398
2014	\$203,250	23.46%	\$1,722,972
2015	\$208,933	26.24%	\$1,877,091
2016	\$302,392	27.58%	\$2,096,094
2017	\$311,152	27.77%	\$2,320,832

*Funded Status and Funding Progress.* During the fiscal year 2017, the parish did not establish or contribute to a postemployment benefits plan trust. Since there is no trust, the parish's entire actuarial accrued liability of \$3,184,900 was unfunded.

The funded status of the plan, as determined by an actuary as of January 1, 2017, was as follows:

Actuarial accrued liability (AAL)	\$3,184,900
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	<u>\$3,184,900</u>
Funded ratio	0%

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Accrued Liabilities (UAAL)	Funded Ratio Percentage
1/1/2008	N/A	\$2,309,241	\$2,309,241	0%
1/1/2009	N/A	N/A	N/A	0%
1/1/2010	N/A	\$2,403,327	\$2,403,327	0%
1/1/2011	N/A	N/A	N/A	0%
1/1/2012	N/A	\$2,175,152	\$2,175,152	0%
1/1/2013	N/A	N/A	N/A	0%
1/1/2014	N/A	\$2,180,047	\$2,180,047	0%
1/1/2015	N/A	\$2,320,268	\$2,320,268	0%
1/1/2016	N/A	\$2,989,915	\$2,989,915	0%
1/1/2017	N/A	\$3,184,900	\$3,184,900	0%

*Actuarial Methods and Assumptions.* Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the

Tangipahoa Parish Government  
Notes to the Financial Statements  
As of and for the Year Ended December 31, 2017

actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets consistent with the long-term perspective of the calculations.

In the January 1, 2017, parish actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4% investment rate of return and initial annual healthcare cost trend rate of 5.10% and 5.10% for pre-Medicare and Medicare eligible employees, respectively, scaling down to ultimate rates of 4.50% per year. The Sex Distinct RP 2000 Combined Healthy Mortality Table was used in making actuarial assumptions. Retirement rate assumptions differ by employment group and date of plan participation. The parish's unfunded actuarial accrued liability is being amortized over 30 years using a level dollar basis. The remaining amortization period at December 31, 2017, is 20 years.

**19. FUND BALANCES**

Fund balances for governmental funds as of December 31, 2017, consist of the following:

	General Fund	Road and Bridge Funds	Garbage District No. 1 Fund	Health Unit Fund	Hazard Mitigation Fund	Other Governmental Funds
<u>Restricted:</u>						
Grant provisions	\$ 64,820	\$ -	\$ -	\$ -	\$ -	\$ 1,520,195
Economic development	178,206	-	-	-	-	-
Property tax millage	-	-	7,911,523	2,650,647	-	1,737,714
Sales tax levy	-	10,633,343	-	-	-	-
Debt Service	-	-	153,649	-	-	190,892
Juror and Witness Fees	-	-	-	-	-	44,560
<u>Committed:</u>						
Rainy Day Fund	736,913	-	-	-	-	-
Industrial Dev. Board	-	-	-	-	-	69,925
<u>Assigned:</u>						
Health Reimbursement	187,537	209,898	69,417	50,484	-	22,926
Animal Control	-	-	-	-	-	79,375
Florida Parishes Arena	-	-	-	-	-	148,275
<u>Unassigned:</u>						
	1,348,995	-	-	-	(55,618)	(49,109)
	<u>\$ 2,516,471</u>	<u>\$ 10,843,241</u>	<u>\$ 8,134,589</u>	<u>\$ 2,701,131</u>	<u>\$ (55,618)</u>	<u>\$ 3,764,753</u>

**20. LITIGATION AND CLAIMS**

At December 31, 2017, the parish is involved in litigation or is aware of various claims totaling an undetermined amount. Legal counsel for Tangipahoa Parish Government has determined that the losses (if any) cannot be reasonably estimated at this time; accordingly, no liability has been recorded in these financial statements.

Claims and litigation costs of \$3,190 were paid in the current year and recorded as a current year expenditure in the General and Road and Bridge Fund.

**21. COMPENSATION PAID TO PARISH PRESIDENT AND COUNCIL/BOARD MEMBERS**

The schedule of compensation paid is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature.

Compensation paid to the Parish President and Council members for the year ended December 31, 2017, is as follows:

Robby Miller, President	\$ 144,335
Trent Forest	19,200
James Bailey	19,200
Louis Joseph	19,200
Carlo Bruno	19,200
Buddy Ridgel	19,200
Joey Mayeaux	19,200
Lionel Wells	19,200
David Vial	19,200
Harry Lavine	19,200
Bobby Cortez	19,200
	<u>\$ 336,335</u>

**22. RESTATED FUND BALANCE / NET POSITION**

A. The following funds beginning fund balance has been restated to reflect the retroactive recording of prior period adjustments to the December 31, 2016, balance:

General Fund

Fund balance at December 31, 2016	\$2,633,127
Decrease in State Revenue Sharing receivable	(903)
Decrease in Council on Aging revenue	(55)
Decrease prior year Ad Valorem receivable	(46,925)
Decrease in Elmer Candy Co. Sales Tax refund	(74,366)
Fund balance at December 31, 2016, as restated	<u>\$2,510,878</u>

Road and Bridge Fund

Fund balance at December 31, 2016	\$13,046,430
Increase in Capital Outlay Revenue for S. Hoover Rd.	20,698
Increase in FEMA Reimbursement	6,236
Decrease in Elmer Candy Co. Sales Tax refund	(223,099)
Fund balance at December 31, 2016, as restated	<u>\$12,850,265</u>

Garbage Maintenance

Fund balance at December 31, 2016	\$8,449,420
Decrease in State Revenue Sharing receivable	(2,547)
Refund for prior year rental expense	55,866
Decrease in prior year Ad Valorem Receivable	(135,009)
Fund balance at December 31, 2016, as restated	<u>\$8,367,730</u>

Tangipahoa Parish Government  
Notes to the Financial Statements  
As of and for the Year Ended December 31, 2017

Health Unit Fund

Fund balance at December 31, 2016	\$2,616,546
Decrease in State Revenue Sharing Revenue	(1,325)
Decrease in prior year Ad Valorem Receivable	(66,801)
Increase in prior year revenue	241,266
Fund balance at December 31, 2016, as restated	<u>\$2,789,686</u>

Proprietary Fund

Fund balance at December 31, 2016	\$525,026
Increase in prior year revenue	16,420
Fund balance at December 31, 2016, as restaed	<u>\$541,446</u>

Section 8

Fund balance at December 31, 2016	\$1,506,209
Void old outstanding checks	13,662
Fund balance at December 31, 2016, as restated	<u>\$1,519,871</u>

Shelter Grant

Fund balance at December 31, 2016	\$17,972
Decrease in prior year revenue	(1,583)
Fund balance at December 31, 2016, as restated	<u>\$16,389</u>

Road Lighting District #1

Fund balance at December 31, 2016	\$36,060
Decrease in State Revenue Sharing Receivable	(2,858)
Fund balance at December 31, 2016, as restated	<u>\$33,202</u>

Road Lighting District #7

Fund balance at December 31, 2016	\$221,074
Decrease in State Revenue Sharing Receivable	(4,019)
Fund balance at December 31, 2016, as restated	<u>\$217,055</u>

B. The beginning net position of the Governmental Funds has been restated:

Net Position at December 31, 2016	\$206,182,077
Effect of prior period adjustments made to fund balance	(205,342)
Effect of beginning capital assets adjustment	(3,638)
Net position at December 31, 2016, as restated	<u>\$205,973,097</u>

### **23. RESTRICTED NET POSITION**

As of December 31, 2017, governmental activities had restricted net position as explained below:

General Fund \$1,167,476; \$736,913 in compliance with Ordinance 13-40 establishing a reserve fund, \$187,537 for funding of the Healthcare Reimbursement Account, and \$243,026 for grant restrictions.

Road and Bridge Fund \$209,898 for funding of the Healthcare Reimbursement Account.

Garbage District No. 1 Fund \$223,066; \$153,649 for debt service for 2013 revenue bonds, \$69,417 for funding of the Healthcare Reimbursement Account.

Health Unit Fund \$50,483 for funding of the Healthcare Reimbursement Account.

Animal Shelter Fund \$22,926 for funding of the Healthcare Reimbursement Account.

Road Light 101 Sinking Fund \$94,586 for debt service.

Road Light 101 Sub-sinking Fund \$96,306 for debt service.

Internal Service Fund \$27,784 for funding of the Healthcare Reimbursement Account.

### **24. CONTRACT WITH SDT WASTE & DEBRIS SERVICES, L.L.C. / PROGRESSIVE WASTE SOLUTIONS OF LA, INC.**

Tangipahoa Parish Government entered into an agreement with SDT Waste & Debris Services, L.L.C. on May 22, 2009, for the collection, transportation, and disposal of residential solid waste, a five year contract through April 30, 2014. SDT Waste & Debris Services, L.L.C. will pay a disposal cost of \$12 per ton for residential waste collected in unincorporated areas.

On December 20, 2011, Progressive Waste Solutions of LA, Inc. bought SDT Waste & Debris Services, LLC and assumed the solid waste contract with Tangipahoa Parish Government. On June 25, 2012, Tangipahoa Parish Government introduced Ordinance No. 12-32 to assign the contract with SDT Waste & Debris Services, LLC to Progressive Waste Solutions of LA, Inc. This ordinance was adopted on July 13, 2012.

The SDT Waste & Debris Services, L.L.C. contract that was assigned to Progressive Waste Solutions of LA, Inc. renewed on May 1, 2014, for 5 years.

### **25. RISK MANAGEMENT**

Tangipahoa Parish Government is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The parish attempts to minimize risk from significant losses through the purchase of commercial insurance. The parish's general liability policy does not cover the Section 8 program, nor does it cover road hazards.

### **26. CUSTODIAL CREDIT RISK - DEPOSITS**

Custodial credit risk is the risk that in the event of a bank failure, the parish's deposits may not be returned to it. The parish does not have a deposit policy for custodial credit risk. As of December 31, 2017, \$20,638,450 of the parish's bank balances are exposed to custodial credit risk. The \$20,638,450 is uninsured but collateralized with securities held by the pledging institution's trust department or agent, but not in the parish's name.

**27. INDUSTRIAL DEVELOPMENT BOARD**

In 2002, the parish purchased the Wal-Mart Warehouse and Distribution Center land and a portion of the improvements thereon for \$3,995,000 these funds were received by the parish from the Louisiana Division of Administration Facility Planning and Control. The parish then conveyed title to the land and improvements to the Industrial Development Board of the Parish of Tangipahoa, Inc. The Industrial Development Board of the Parish of Tangipahoa, Inc. (Board) is a non-profit corporation formed under the provisions of L.R.S.-51:1151.

The Board issued \$40,000,000 of taxable revenue bonds. These bonds were purchased by Wal-Mart Stores, Inc.

The outstanding bonds payable of \$40,000,000 of the Wal-Mart facility is not reflected in the accompanying financial statements.

The Board leased the land and improvements to Wal-Mart Stores East, Inc. for lease payments sufficient to pay the principal and interest on the bonds. The lease agreement also provides for the payment of \$550,000 to the Board in the initial year of the lease and a payment of \$275,000 in February of each year thereafter. The lease term is from October 1, 2003, through February 1, 2021. At the end of the lease term, or earlier if Wal-Mart Stores East, Inc. elects, the interest of the Board in the leased facility will be sold to Wal-Mart Stores East, Inc.

The Board also issued \$4,000,000 of taxable revenue bonds to finance the expansion of Elmer Candy Corporation. The Board acquired the expansion and then entered into a lease agreement with Elmer Candy Corporation for lease payments sufficient to pay the principal and interest on the bonds. Under the lease, \$833 is also payable monthly to the Tangipahoa Parish Government. The lease term is from October 1, 2002, through December 1, 2022. Elmer Candy Corporation has the option to purchase the leased facilities upon payment in full of the bonds. On March 13, 2015, the bonds were paid in full.

**28. CHANGE IN AGENCY FUNDS**

A summary of changes in agency fund deposits due others follows:

	<u>Balance 01-01-17</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12-31-17</u>
Payroll liability fund	<u>\$(56,521)</u>	<u>\$13,873,358</u>	<u>\$13,563,610</u>	<u>\$253,227</u>

**29. COMMITMENTS AND CONTINGENCIES**

The parish is self-insured for unemployment claims. A reserve of \$56,553 is recorded in the payroll liability fund at December 31, 2017. Unemployment expenses of \$1,235 were paid from the fund during the year ending December 31, 2017. No additional reserves were accrued during 2017.

The parish had seven active construction projects as of December 31, 2017. At year end, the commitments were with the following contractors:

	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Beverly Construction (Club Deluxe Road)	\$ 108,750	\$ 7,048,664
Brunt Construction (Landfill Restrooms)	-	97,857
Lil Man Construction (Lee's Landing Boat Launch)	240,091	27,333
Lil Man Construction (Lee's Landing Parking Lot)	-	25,191
Mitchell Contracting, Inc. (Ponchatoula Sewer Improvements)	267,140	589,250

Tangipahoa Parish Government  
Notes to the Financial Statements  
As of and for the Year Ended December 31, 2017

R & S Corporation (Jail Doors)	16,127	8,064
Diamond B Construction Co.	7,727,282	1,889,500

The parish had twenty six professional services contracts as of December 31, 2017. At year end the commitments with the contractors are as follows:

	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Atmos Energy Corporation (Utility Relocation)	\$ -	\$ 189,792
AT&T Southeast (Utility Relocation)	-	13,216
Burke Kleinpeter (Wardline Road)	178,019	28,649
Chem Spray South, Inc.	-	8,652
Elos Environmental, LLC (Monitor Dredging of Tangipahoa River)	43,200	28,800
Franklin Engineers & Consultants	35,563	9,300
Franklin Engineers & Consultants	4,015	9,570
Franklin Engineers & Consultants	-	36,673
Franklin Engineers & Consultants	-	85,596
Franklin Engineers & Consultants	-	20,317
Hunt, Guillot & Assoc. (Club Deluxe)	181,700	98,300
Infinity Engineering (Jail)	5,156	5,044
Linfield, Hunter, & Junius (Club Deluxe Widening)	246,283	61,571
Linfield, Hunter, & Junius (Club Deluxe Construction Observation)	-	206,844
Linfield, Hunter, & Junius (Club Deluxe Subsurface Drainage)	154,310	51,630
Linfield, Hunter, & Junius (Club Deluxe Subsurface Construction Observation)	-	63,156
Kyle & Associates, LLC (Leo Lane Bridge)	38,271	29,975
Kyle & Associates, LLC (Troy Spears Bridge)	43,722	33,101
Ponchartrain Engineers & Surveyors (Village of Tangipahoa Sewer Improvements)	-	20,000
Pride Network (Utility Relocations)	-	94,842
Professional Engineering Consultants (Chappapeela Drainage)	5,781	150,008
Professional Engineering Consultants (Lee's Landing)	67,493	1,508
Spangler Engineering (Hoover Road)	165,736	232,292
Spangler Engineering (Ponchatoula Ash Street Drainage)	50,409	4,000
Spangler Engineering (Ponchatoula Sewer Improvements)	53,107	8,179
Spangler Engineering (Vineyard Road Bridge)	21,063	35,147

### **30. CHERRY POINT DEVELOPMENT, LLC**

Tangipahoa Parish Housing Authority ("TPHA"), through its governing entity, Tangipahoa Parish Government, formed a Louisiana Limited Liability Company as a member of Cherry Point Development, LLC as a 51% member on February 11, 2013. Cherry Point Development, LLC is the Developer of a project located in Hammond, Tangipahoa Parish, Louisiana, and to be known as Cherry Point Subdivision. Tangipahoa Parish Government will receive 51% of the payable developer fee. As per the definition in the 2013 Qualified Allocation Plan, Cherry Point does qualify as a Public Housing Agency project. Tangipahoa Parish Government did not receive any developer fees for FYE December 31, 2017.

### **31. OTHER MATTERS - INVESTIGATION BY TANGIPAHOA PARISH SHERIFF INTO POTENTIAL PAYROLL FRAUD**

In May 2018, the parish contacted the Tangipahoa Parish Sheriff requesting an investigation into a potential payroll fraud by some employees. On that same day, the District Attorney and the Louisiana Legislative Auditor were notified. See current year finding TPG 17-02.

No provision for any receivable that may result from the above has been included in the accompanying financial statements due to the ongoing investigation.

### **32. TAX ABATEMENTS**

The Louisiana Industrial Ad Valorem Tax Exemption Program (ITEP) is an original state incentive program which offers attractive tax incentive for manufacturers within the state. The program abates, for up to ten years, local property taxes (ad valorem) on a manufacturer's new investment and annual capitalized additions related to the manufacturing site. This exemption is granted per contract with the Louisiana Department of Economic Development and will specify the buildings and / or personal property items covered by the exemption. There are currently twenty-eight tax abatements in Tangipahoa Parish, related to six companies, under the Louisiana ITEP. For the 2017 calendar year, the estimated forgone ad valorem taxes due to this abatement program was \$146,587.

### **33. SUBSEQUENT EVENTS**

Subsequent to December 31, 2017, the following events occurred:

- Council approved all low end of the year bids.
- Council approved Task Order No. 4 for Phase 20 Overlay.
- Council approved 2018 Microsurfacing project.
- Council approved administration to hire special legal council for OPEB Plan.
- Council approved Task Order No. 5 for Phase 19 Overlay project.
- Council approved ordinance to declare (1) 2008 Dodge Durango as surplus and authorize the donation of said asset to the 7<sup>th</sup> Ward Marshall's Office.
- Council approved Change Order No. 1 for Lee's Landing Boat Launch adding \$2,332 for informational signage.
- Council accepted Substantial Completion of Lee's Landing Boat Launch.
- Council approved Task Order No. 3 for Microsurfacing Project.
- Council approved Task Order No. 5 Special Provisions for Phase 19 Overlay.

Tangipahoa Parish Government  
Notes to the Financial Statements  
As of and for the Year Ended December 31, 2017

- Council approved cooperative endeavor agreement with the City of Hammond for Arnold Creek Bridge (Club Deluxe Road) repairs.
- Council approved ordinance to authorize the disposal of assets.
- Council approved Cooperative endeavor Agreement for a hydraulic study with Consolidated Gravity Drainage District No. 1.
- Council approved Chehardy, Sherman, Williams Law Firm to review Debris Monitoring and Debris Removal contract for 2018-2019.
- Council approved bid from Environmental Specialists International for \$1,316,353 for the construction of cell 13 at the landfill.
- Council approved Change Order No. 1 for Club Deluxe road overlay and widening, changing retainage from 10% to 5%.
- Council adopted resolution authorizing Ponchatoula Area Recreation District #1 with the issuance, sale, and delivery of revenue bonds not to exceed \$3,500,000 in one or more series.

Subsequent events have been evaluated by management through June 25, 2018, the date the financial statements were available to be issued. No other events were noted that require recording or disclosure in the financial statements for the fiscal year ending December 31, 2017.

**Required Supplementary Information (Part II)**

TANGIPAOHA PARISH GOVERNMENT  
Amite, Louisiana  
BUDGET COMPARISON SCHEDULE  
GENERAL FUND  
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<u>Revenues</u>				
Taxes:				
Sales	\$ 5,304,000	\$ 5,560,000	\$ 5,505,627	\$ (54,373)
Ad valorem	1,403,000	1,310,000	1,342,675	32,675
Franchise	800,000	800,000	753,454	(46,546)
Licenses, permits, and rent	1,685,550	1,829,600	1,821,960	(7,640)
Intergovernmental revenues:				
Federal funds:				
Federal grants	600,000	320,000	457,945	137,945
State funds:				
State revenue sharing	85,000	92,000	87,956	(4,044)
Severance tax	200,000	200,000	150,585	(49,415)
State appropriations	180,000	733,296	692,006	(41,290)
State grants	230,000	230,000	98,925	(131,075)
2% fire insurance rebate	570,000	570,000	550,192	(19,808)
Alcoholic beverage tax	40,000	50,000	35,490	(14,510)
Fees, charges, and commissions				
for services	110,000	111,000	221,414	110,414
Fines and forfeitures	4,000	10,000	8,061	(1,939)
Interest	22,000	22,000	18,902	(3,098)
Other revenues	3,304,563	3,640,139	3,419,255	(220,884)
<b>Total Revenues</b>	<b>14,538,113</b>	<b>15,478,035</b>	<b>15,164,447</b>	<b>(313,588)</b>
<u>Expenditures</u>				
General government:				
Legislative	1,842,270	2,347,534	3,212,949	(865,415)
Judicial	5,018,064	5,253,855	2,722,556	2,531,299
Elections	198,250	198,250	162,725	35,525
Finance and administrative	2,480,302	2,296,802	1,283,318	1,013,484
Public safety	2,097,483	2,734,025	3,934,545	(1,200,520)
Public works	1,736,883	2,122,800	1,868,236	254,564
Health and welfare	835,160	857,260	820,392	36,868
Economic Development	-	-	88,838	(88,838)
Culture and recreation	330,593	374,893	381,154	(6,261)
<b>Total Expenditures</b>	<b>14,539,005</b>	<b>16,185,419</b>	<b>14,474,713</b>	<b>1,710,706</b>
Excess (Deficiencies) of Revenues				
Over Expenditures	(892)	(707,384)	689,734	1,397,118
<u>Other Financing (Uses)</u>				
Contributions in	-	10,000	12,868	2,868
Sale of Real Property	-	450,000	449,900	(100)
Operating transfers in (out)	-	33,082	(1,136,909)	(1,169,991)
<b>Total Other Financing (Uses)</b>	<b>-</b>	<b>493,082</b>	<b>(674,141)</b>	<b>(1,167,223)</b>
<b>Net Change in Fund Balance</b>	<b>(892)</b>	<b>(214,302)</b>	<b>15,593</b>	<b>229,895</b>
Fund Balance, Beginning of Year, Restated				
	2,668,202	2,510,878	2,510,878	-
<b>Fund Balance at End of Year</b>	<b>\$ 2,667,310</b>	<b>\$ 2,296,576</b>	<b>\$ 2,526,471</b>	<b>\$ 229,895</b>

See independent auditor's report.

TANGIPAOHA PARISH GOVERNMENT  
Amite, Louisiana  
BUDGET COMPARISON SCHEDULE  
ROAD AND BRIDGE FUNDS  
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
Taxes:				
Sales	\$ 15,917,500	\$ 16,700,000	\$ 16,516,882	\$ (183,118)
Intergovernmental revenues:				
Federal funds:				
Federal grants	10,000	420,000	548,928	128,928
State funds:				
State appropriations	-	3,000	2,978	(22)
State grants	-	51,000	12,895	(38,105)
Parish transportation funds	970,000	970,000	990,511	20,511
Interest	135,000	210,000	208,470	(1,530)
Other revenues	30,000	107,000	92,551	(14,449)
	17,062,500	18,461,000	18,373,215	(87,785)
<b>Expenditures</b>				
Public works	17,191,347	24,077,213	20,517,792	3,559,421
Bond Issuance Cost	-	-	24,644	(24,644)
	17,191,347	24,077,213	20,542,436	3,534,777
Excess (Deficiencies) of Revenues Over Expenditures	(128,847)	(5,616,213)	(2,169,221)	3,446,992
<b>Other Financing Sources (Uses)</b>				
Issuance of General Obligation Bonds	-	755,100	755,100	-
Operating Transfers (out)	-	(526,530)	(592,903)	(66,373)
	-	228,570	162,197	(66,373)
Net Change in Fund Balance	(128,847)	(5,387,643)	(2,007,024)	3,380,619
Fund Balance, Beginning of Year, Restated	5,017,172	12,850,265	12,850,265	-
Fund Balance at End of Year	\$ 4,888,325	\$ 7,462,622	\$ 10,843,241	\$ 3,380,619

See independent auditor's report.

TANGIPAOHA PARISH GOVERNMENT  
Amite, Louisiana  
BUDGET COMPARISON SCHEDULE  
GARBAGE DISTRICT NO. 1  
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<u>Revenues</u>				
Taxes:				
Ad valorem	\$ 2,850,000	\$ 2,805,500	\$ 2,904,292	\$ 98,792
Intergovernmental revenues:				
Federal funds:				
Federal grants	-	170,000	107,622	(62,378)
State funds:				
State revenue sharing	240,000	259,000	248,688	(10,312)
Fees, charges, and commissions for services	3,946,250	4,286,250	4,192,763	(93,487)
Interest	100,000	100,000	114,335	14,335
Other revenues	66,000	118,000	81,009	(36,991)
<b>Total Revenues</b>	<b>7,202,250</b>	<b>7,738,750</b>	<b>7,648,709</b>	<b>(90,041)</b>
<u>Expenditures</u>				
Public works	8,522,100	8,803,795	7,691,590	1,112,205
Debt Service - Principal	45,000	50,000	50,000	-
Debt Service - Interest	105,000	105,000	101,450	3,550
<b>Total Expenditures</b>	<b>8,672,100</b>	<b>8,958,795</b>	<b>7,843,040</b>	<b>1,115,755</b>
Excess (Deficiencies) of Revenues Over Expenditures	(1,469,850)	(1,220,045)	(194,331)	1,025,714
<u>Other Financing Sources (Uses)</u>				
Operating Transfer (out)	-	-	(152,810)	(152,810)
Sale of fixed assets	-	114,000	114,000	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>114,000</b>	<b>(38,810)</b>	<b>(152,810)</b>
<b>Net Change in Fund Balance</b>	<b>(1,469,850)</b>	<b>(1,106,045)</b>	<b>(233,141)</b>	<b>872,904</b>
Fund Balance at Beginning of Year - Restated	6,765,069	8,367,730	8,367,730	-
<b>Fund Balance at End of Year</b>	<b>\$ 5,295,219</b>	<b>\$ 7,261,685</b>	<b>\$ 8,134,589</b>	<b>\$ 872,904</b>

See independent auditor's report.

TANGIPAOHA PARISH GOVERNMENT  
Amite, Louisiana  
BUDGET COMPARISON SCHEDULE  
HEALTH UNIT  
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<u>Revenues</u>				
Taxes:				
Ad valorem	\$ 2,251,000	\$ 2,256,000	\$ 2,295,842	\$ 39,842
Federal funds:				
Federal grants	180,000	421,192	236,337	(184,855)
State funds:				
State revenue sharing	130,000	135,000	129,030	(5,970)
Fees, charges, and commissions	-	130,000	188,745	58,745
Interest	32,000	25,000	22,294	(2,706)
Other Revenues	11,000	15,000	22,400	7,400
<b>Total Revenues</b>	<b>2,604,000</b>	<b>2,982,192</b>	<b>2,894,648</b>	<b>(87,544)</b>
<u>Expenditures</u>				
Health and Welfare	2,724,850	3,245,774	2,984,603	261,171
<b>Total Expenditures</b>	<b>2,724,850</b>	<b>3,245,774</b>	<b>2,984,603</b>	<b>261,171</b>
(Deficiencies) of Revenues Over Expenditures	(120,850)	(263,582)	(89,955)	173,627
<u>Other Financing Sources</u>				
Contributions in	500	2,000	1,400	(600)
Sale of fixed assets	-	-	-	-
<b>Total Other Financing Sources</b>	<b>500</b>	<b>2,000</b>	<b>1,400</b>	<b>(600)</b>
<b>Net Change in Fund Balance</b>	<b>(120,350)</b>	<b>(261,582)</b>	<b>(88,555)</b>	<b>173,027</b>
Fund Balance at Beginning of Year Restated	2,438,029	2,789,686	2,789,686	-
<b>Fund Balance at End of Year</b>	<b>\$ 2,317,679</b>	<b>\$ 2,528,104</b>	<b>\$ 2,701,131</b>	<b>\$ 173,027</b>

See independent auditor's report.

Tangipahoa Parish Government  
 Amite, Louisiana  
 SCHEDULE OF PARISH'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
 PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA  
 For the Year Ended December 31, 2017

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Parish's proportion of the net pension liability (asset)	1.801970%	1.702461%	1.68%
Parish's proportionate share of the net pension liability (asset)	3,711,181	4,481,367	460,677
Parish's covered-employee payroll	12,067,623	10,686,664	9,761,217
Parish's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	30.75%	41.93%	4.71%
Plan fiduciary net position as a percentage of the total pension liability	94.15%	92.23%	99.14%

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

Data reported is measured as of December 31, 2016, (measurement date).

Tangipahoa Parish Government  
 Amite, Louisiana  
 SCHEDULE OF PARISH'S CONTRIBUTION  
 PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA  
 For the Year Ended December 31, 2017

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$1,508,453	\$1,389,268	\$1,415,379
Contributions in relation to the contractually required contribution	1,508,453	1,389,268	1,415,379
Contribution deficiency (excess)	-	-	-
Parish's covered-employee payroll	12,067,623	10,686,664	9,761,217
Contributions as a percentage of covered-employee payroll	12.50%	13.00%	14.50%

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

Data reported is measured as of December 31, 2016, (measurement date).

## **Other Supplementary Information**

TANGIPAOHA PARISH GOVERNMENT  
Amite, Louisiana  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended December 31, 2017

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<b><u>U.S. Department of Housing and Urban Development:</u></b>			
Direct Program:			
Section 8 Housing Choice Vouchers	14.871	-	\$ 2,818,611
Passed through Louisiana Division of Administration, Office of Community Planning and Development			
Louisiana Community Development Block Grant	14.228	-	524,468
Emergency Solutions Grant - Shelter Grant 2015-2017	14.231	-	16,319
Emergency Solutions Grant - Shelter Grant 2016-2018	14.231		<u>35,200</u>
Total U.S. Department of Housing and Urban Development			<u>3,394,598</u>
 <b><u>U.S. Department of Homeland Security:</u></b>			
Passed through Louisiana Governor's Office of Homeland Security and Emergency Preparedness			
Flood Mitigation Assistance	97.029	FMA-PJ-LA-2016-014	6,413
March 2016 Flood	97.036	-	7,660
August 2016 Flood	97.036	-	672,870
Tropical Storm Nate	97.036	-	62,925
Hazard Mitigation Grant Program-Chappapeela Drainage	97.039	1786-105-0001	5,992
Hazard Mitigation Grant Program-Ponchatoula Sewer Impr.	97.039	1786-105-0013	267,491
Hazard Mitigation Grant Program-various projects	97.039	1786-105-0018	3,356
Hazard Mitigation Grant Program-Large Safe Room	97.039	1786-105-0021	2,695,347
Hazard Mitigation Grant Program - Ike Elevations	97.039	1792-105-0001	35,350
Hazard Mitigation Grant Program-Isaac Elevations	97.039	4080-105-0001	21,500
Hazard Mitigation Grant Program - Wardline Road	97.039	4080-105-0002	15,929
Hazard Mitigation Grant Program - March 2016 Flood Elevat	97.039	4263-105-0002	60
State Homeland Security Program	97.067	2016	<u>55,837</u>
Total U.S. Department of Homeland Security			<u>3,850,730</u>
 <b><u>U.S. Department of Health and Human Services:</u></b>			
Passed through Louisiana Department of Health and Hospitals			
Drug Free Communities Support Program Grants	93.276	1H79SP020975-01	88,880
Centers for Disease Control and Prevention	93.283	2013	13,096
Centers for Disease Control and Prevention	93.283	2014	15,358
Passed through the Louisiana Workforce Commission			
Temporary Assistance for Needy Families (STEP)	93.558	-	<u>18,437</u>
Total U.S. Department of Health and Human Services			<u>135,771</u>
 <b><u>Restore Act:</u></b>			
Direct Program:			
Lee's Landing Boat Launch	21.015	RDCGR440007	255,338
Feasibility Study for Dredging the Tangipahoa River	21.015	RDCGR440004	<u>97</u>
Total U.S. Department of Treasury			<u>255,435</u>

(Continued)

See independent auditor's report.

TANGIPAHOA PARISH GOVERNMENT  
Amite, Louisiana  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended December 31, 2017

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<b><u>U.S. Department of Transportation:</u></b>			
Direct Program:			
Federal Transit- Formula Grants - FY 13-14	20.507	-	248,304
Passed through State of Louisiana Department of Transportation & Development			
Formula Grants for Rural Areas	20.509	LA-90-x430-000	108,743
Passed through Louisiana Department of Public Safety and Corrections			
Alcohol Impaired Driving Countermeasures Incentive Grant	20.601	2017-10-10	27,875
Alcohol Impaired Driving Countermeasures Incentive Grant	20.601	2018-10-10	4,969
Alcohol Impaired Driving Countermeasures Incentive Grant	20.601	2017-55-14	11,466
Alcohol Impaired Driving Countermeasures Incentive Grant	20.601	2018-55-14	3,212
Alcohol Impaired Driving Countermeasures Incentive Grant	20.601	2018-10-43	2,015
Total U.S. Department of Transportation			<u>406,584</u>
<b><u>U.S. Department of Labor</u></b>			
Passed through the Louisiana Workforce Commission - Cluster			
WIA Adult Program	17.258	-	450,755
WIA Youth Program	17.259	-	571,896
WIA Dislocated Worker Program	17.278	-	<u>336,599</u>
Total Cluster			1,359,250
Job Driven National Emergency Grant	17.277		<u>6,288</u>
Total U.S. Department of Labor			<u>1,365,538</u>
<b><u>U.S. Environmental Protection Agency</u></b>			
Passed through Lake Pontchartrain Basin Foundation			
Lake Pontchartrain Basin Restoration Program	66.125	58557J	40,000
Passed through LA Department of Environmental Quality			
Capitalization Grants for Clean Water State Revolving Funds	66.458	CS-221924-01	<u>211</u>
Total U.S. Environmental Protection Agency			<u>40,211</u>
Total Expenditures of Federal Awards			<u>\$ 9,448,867</u>

The accompanying notes are an integral part of this schedule.

Note 1 - This schedule of expenditures of federal awards includes the federal grant activity of Tangipahoa Parish Government and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

Note 2 - Tangipahoa Parish Government has elected to use the 10 percent de minimis indirect cost rate allowed under Uniform Guidance.

(Concluded)

See independent auditor's report.

Tangipahoa Parish Government  
Amite, Louisiana

FINANCIAL DATA SCHEDULE  
BALANCE SHEET  
December 31, 2017

Line Item #	Account Description	Housing Choice Voucher <u>14,871</u>	Disaster Housing Assistance Program <u>97,109</u>	Disaster Housing Assistance Program DH.IKE <u>1,131,594</u>	TOTAL
<b>ASSETS:</b>					
CURRENT ASSETS:					
111	Cash-unrestricted	\$ 70,365	\$ 346,149	\$ 1,131,594	\$ 1,548,108
113	Cash-other restricted	15,381	-	-	15,381
100	Total Cash	<u>85,746</u>	<u>346,149</u>	<u>1,131,594</u>	<u>1,563,489</u>
150	TOTAL CURRENT ASSETS	<u>85,746</u>	<u>346,149</u>	<u>1,131,594</u>	<u>1,563,489</u>
190	<b>TOTAL ASSETS</b>	<u>\$ 85,746</u>	<u>\$ 346,149</u>	<u>\$ 1,131,594</u>	<u>\$ 1,563,489</u>
<b>LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND EQUITY:</b>					
<b>LIABILITIES:</b>					
CURRENT LIABILITIES					
312	Accounts payable ≤ 90 days	\$ 4,327	\$ -	\$ -	\$ 4,327
313	Accounts payable > 90 days	12,323	-	-	12,323
321	Accrued wage/payroll taxes payable	30,919	-	-	30,919
331	Accounts payable - HUD PHA programs	8,333	-	-	8,333
333	Accounts payable - other government	1,697	-	-	1,697
310	TOTAL CURRENT LIABILITIES	<u>57,599</u>	<u>-</u>	<u>-</u>	<u>57,599</u>
300	<b>TOTAL LIABILITIES</b>	<u>57,599</u>	<u>-</u>	<u>-</u>	<u>57,599</u>
<b>EQUITY:</b>					
509.3	Restricted Fund Balance	15,381	346,149	1,131,594	1,493,124
512.3	Unassigned Fund Balance	12,766	-	-	12,766
513	<b>TOTAL EQUITY/NET POSITION</b>	<u>28,147</u>	<u>346,149</u>	<u>1,131,594</u>	<u>1,505,890</u>
600	<b>TOTAL LIABILITIES AND EQUITY/NET POSITION</b>	<u>\$ 85,746</u>	<u>\$ 346,149</u>	<u>\$ 1,131,594</u>	<u>\$ 1,563,489</u>

See independent auditor's report.

Tangipahoa Parish Government  
Amite, Louisiana

FINANCIAL DATA SCHEDULE  
REVENUE AND EXPENSES  
For the Year Ended December 31, 2017

<u>Line Item #</u>	<u>Account Description</u>	<u>Housing Choice Voucher 14,871</u>	<u>Disaster Housing Assistance Program 97,109</u>	<u>Disaster Housing Assistance Program DH,IKE</u>	<u>TOTAL</u>
<b>REVENUE:</b>					
70600	HUD PHA operating grants	\$ 2,607,694	\$ -	\$ -	\$ 2,607,694
71100	Investment income - unrestricted	967	6,375	19,438	26,780
71500	Other revenue	113,127	-	-	113,127
70000	<b>TOTAL REVENUE</b>	<u>2,721,788</u>	<u>6,375</u>	<u>19,438</u>	<u>2,747,601</u>
<b>EXPENSES:</b>					
91100	Administrative salaries	210,577	-	-	210,577
91200	Auditing fees	6,500	-	-	6,500
91310	Bookkeeping fee	5,380	-	-	5,380
91500	Employee benefit contributions-administrative	70,832	-	-	70,832
91600	Office expenses	12,674	-	-	12,674
91800	Travel	11,430	-	-	11,430
94200	Ordinary maint & operations-materials & other	13,573	-	-	13,573
96110	Property insurance	1,017	-	-	1,017
96130	Workmen's compensation	781	-	-	781
96140	All other insurance	1,243	-	-	1,243
96200	Other general expenses	6,669	-	-	6,669
96900	<b>TOTAL OPERATING EXPENSES</b>	<u>340,676</u>	<u>-</u>	<u>-</u>	<u>340,676</u>
97000	<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) OPERATING EXPENSES</b>	<u>2,381,112</u>	<u>6,375</u>	<u>19,438</u>	<u>2,406,925</u>
97300	Housing assistance payments	2,396,885	-	-	2,396,885
97350	HAP portability in	74,673	-	-	74,673
97600	Capital Outlays- Governmental Funds	6,377	-	-	6,377
90000	<b>TOTAL EXPENSES</b>	<u>2,818,611</u>	<u>-</u>	<u>-</u>	<u>2,818,611</u>
<b>OTHER FINANCING SOURCES</b>					
10030	Operating transfers from primary government	30,000	-	-	30,000
10080	Special items, net gain/loss	27,029	-	-	27,029
10100	<b>TOTAL OTHER FINANCING SOURCES</b>	<u>57,029</u>	<u>-</u>	<u>-</u>	<u>57,029</u>
10000	<b>EXCESS (DEFICIENCY) OF TOTAL REVENUE OVER (UNDER) TOTAL EXPENSES</b>	<u>(39,794)</u>	<u>6,375</u>	<u>19,438</u>	<u>(13,981)</u>
11030	Beginning equity	54,279	339,774	1,112,156	1,506,209
11040	Prior period adjustments	13,662	-	-	13,662
	<b>TOTAL EQUITY</b>	<u>\$ 28,147</u>	<u>\$ 346,149</u>	<u>\$ 1,131,594</u>	<u>\$ 1,505,890</u>
11170	Administrative fee equity	\$ 12,766			
11180	Housing assistance payments equity	15,381			
	<b>TOTAL EQUITY</b>	<u>\$ 28,147</u>			
11190	Unit months available	5,754	-	373	6,127
11210	Number of unit months leased	4,372	-	373	4,745

See independent auditor's report.

Tangipahoa Parish Government  
Amite, Louisiana  
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD  
For the Year Ended December 31, 2017

**Agency Head:** Robby Miller, Parish President

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 144,335
Benefits-Insurance	14,266
Benefits-Retirement (12.5%)	18,042
Benefits-Medicare	2,043
Telephone	2,358
Vehicle Usage taxed on W-2	3,642
Registration fees to conferences	1,585
Travel (hotels, parking fees, lodging, and meals)	<u>4,345</u>
	<u>\$ 190,616</u>

See independent auditor's report.

## **Other Independent Auditor's Reports and Findings**



# LAURA GRAY

CERTIFIED PUBLIC ACCOUNTANT

WWW.LAURAGRAYCPA.COM

601 COURTNEY DRIVE  
P. O. Box 1391  
AMITE, LOUISIANA 70422

PHONE (985) 748-9067  
FAX (985) 748-4370  
E-MAIL: LG@LAURAGRAYCPA.COM

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

To the Parish President and Members  
of the Tangipahoa Parish Council  
Tangipahoa Parish Government  
Amite, Louisiana

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the fiduciary fund, the blended component units, and the aggregate remaining fund information of the Tangipahoa Parish Government, Louisiana, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Tangipahoa Parish Government, Louisiana's basic financial statements and have issued my report thereon dated June 25, 2018.

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

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

My consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses, or significant deficiencies and therefore, there can be no assurance that all deficiencies, material weaknesses or significant deficiencies have been identified. During my audit, I did not identify any deficiencies in internal control that I consider a material weakness. However, material weaknesses may exist that have not been identified.

*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. I did not identify any deficiencies in internal control over financial reporting that I consider to be a material weakness as defined above.

*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. I consider finding TPG 17-02, described in the accompanying schedule of current year findings and questioned costs to be a significant deficiency.

Tangipahoa Parish Government  
Independent Auditor's Report on Internal Control  
and on Compliance and Other Matters - concluded

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Tangipahoa Parish Government's financial statements are free from material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of current year audit findings and question costs as finding TPG 17-01.

***The Parish's Responses to Findings***

The parish's response to the finding identified in my audit is described in the accompanying Management's Corrective Action Plan. The parish's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

***Purpose of This Report***

This report is intended solely to describe the scope of my 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.

This report is intended solely for the information and use of the governing council, management, others within the entity, the Legislative Auditor, and the federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

  
Certified Public Accountant

June 25, 2018



LAURA GRAY

CERTIFIED PUBLIC ACCOUNTANT

WWW.LAURAGRAYCPA.COM

601 COURTNEY DRIVE  
P. O. Box 1391  
AMITE, LOUISIANA 70422

PHONE (985) 748-9067  
FAX (985) 748-4370  
E-MAIL: LG@LAURAGRAYCPA.COM

**INDEPENDENT AUDITOR'S REPORT ON  
COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM  
AND REPORT ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Parish President and Members  
of the Tangipahoa Parish Council  
Tangipahoa Parish Government  
Amite, Louisiana

***Report on Compliance for Each Major Federal Program***

I have audited Tangipahoa Parish Government's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Tangipahoa Parish Government's major federal programs for the year ended December 31, 2017. Tangipahoa Parish Government's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of current year findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

My responsibility is to express an opinion on compliance for each of Tangipahoa Parish Government's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Tangipahoa Parish Government's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of Tangipahoa Parish Government's compliance.

***Basis for Qualified Opinion on Section 8 Housing Choice Voucher Program***

As described in the accompanying schedule of current year audit findings and questioned costs, Tangipahoa Parish Government did not comply with requirements regarding CFDA 14.871 Section 8 Housing Choice Voucher Program as described in findings TPG 17-03 and TPG 17-04. Compliance with such requirements is necessary, in my opinion, for Tangipahoa Parish Government to comply with the requirements applicable to that program.

***Qualified Opinion on Section 8 Housing Choice Voucher Program***

In my opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Tangipahoa Parish Government complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on CFDA 14.871 Section 8 Housing Choice Voucher Program for the year ended December 31, 2017.

***Unmodified Opinion on Each of the Other Major Federal Programs***

In my opinion, Tangipahoa Parish Government complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs identified in the summary of auditor's results section of the accompanying schedule of current year audit findings and questioned costs for the year ended December 31, 2017.

***Report on Internal Control Over Compliance***

Management of Tangipahoa Parish Government is responsible for establishing and maintaining effective internal control over compliance requirements referred to above. In planning and performing my audit of compliance, I considered Tangipahoa Parish Government's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the Tangipahoa Parish Government's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. I consider the deficiencies in internal control over compliance described in the accompanying schedule of current year audit findings and questioned costs as items TPG 17-03 and TPG 17-04 to be material weaknesses.

*A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified.

Tangipahoa Parish Government  
Independent Auditor's Report on Compliance for Each Major Federal Program  
And Report on Internal Control over Compliance Required by the Uniform Guidance – concluded

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

This report is intended solely for the information and use of the governing council, management, others within the entity, the Legislative Auditor, and the federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

  
Certified Public Accountant

June 25, 2018

TANGIPAHOA PARISH GOVERNMENT

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
For the Year Ended December 31, 2017

<b>SECTION 1. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS</b>	
TPG 16-01 Local Government Budget Act Violation	Unresolved. See current year finding TPG 17-01
<b>SECTION 2. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS</b>	
None	
<b>SECTION 3. MANAGEMENT LETTER</b>	
None	



Major programs:

CFDA 14.871  
 U.S. Department of Housing and Urban Development  
 Section 8 Housing Choice Vouchers

CFDA 17.258, 17.259, 17.278  
 U.S. Department of Labor  
 WIOA Program- Adult, Youth, and Dislocated Worker

CFDA 21.015  
 U.S. Department of Treasury  
 Restore Act

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee?  yes  no

**SECTION II - FINANCIAL STATEMENT FINDINGS**

This section identifies the significant deficiencies, and instances of noncompliance related to the financial statements required to be reported under *Government Auditing Standards* (GAGAS).

**TPG 17-01 Local Government Budget Act Violations (repeated from prior year)**

- A)** RS 39:1311(A)(2) requires a political subdivision to amend its operating budget when
- a) Total revenues and other sources fail to meet total budgeted revenues and other sources by five (5) percent or more
  - b) Total actual expenditures and other uses exceed the total budgeted expenditures and other uses by five (5) percent or more.

The following funds had actual revenues and other sources fail to meet budgeted amounts for the year ended December 31, 2017.

<u>Fund:</u>	<u>Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>	<u>Percent</u>
Road Lighting District #2	\$26,000	\$24,612	\$1,388	5.34%

The following funds had actual expenditures and other uses exceed budgeted amounts for the year ended December 31, 2017.

<u>Fund:</u>	<u>Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>	<u>Percent</u>
Workforce	\$1,227,563	\$1,387,290	\$159,727	13.01%

Tangipahoa Parish Government failed to amend the budgets for the Road Lighting District #2 Fund and the Workforce Fund by an adequate amount for the fiscal year ended December 31, 2017.

It is recommended that the Parish monitor its financial statements at least quarterly and amend the budget as needed.

**B)** R.S. 39:1307 states that upon completion of the proposed budget and its submission to the governing authority, the political subdivision shall cause to be published a notice stating that the proposed budget is available for public inspection and state that a public hearing will be held.

The Parish failed to have the required notice published for the original operating budget for FYE December 31, 2017.

It is recommended that the Clerk of the Council verify the publication of all required notices by inspecting the official journal. She should notify the Council that a vote cannot take place in the event the notice was not published.

### **TPG 17-02 Lack of Internal Controls over Payroll- Overtime and ECO time- Pleasant Ridge**

An effective design or operation of an internal control would allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis.

In addition, management is responsible for the design and implementation of programs and controls to prevent and detect fraud.

**A)** Audit procedures revealed that at the Pleasant Ridge- Road and Bridge shop a potential overtime pay abuse by three employees.

Normal hours of operation are 7:30 am to 3:30 pm. In certain circumstances, the road crew is required to report to work early. Also, there are "open" hours per the Supervisor.

A clerical employee was noted on numerous occasions clocking in around 6:15 am and staying late and clocking out around 4:00 pm. The General Foreman approved all timesheets/time cards. After the Parish went to an electronic time card system, it was noted that the clerical employee had an unusual amount of manual overrides for the start "in" time. The General Foreman signed all employee timecard reports.

The General Foreman and a road crew employee were also noted on numerous occasions for clocking in around 6:15am and also staying late. The General Foreman approved all the timesheets/time cards for the road crew employee. The Supervisor approved the General Foreman's time. The time cards for the General Foreman and the road crew employee indicate that they worked the same schedule as each other. It was noted that the road crew employee had numerous instances of manual overrides for the start "in" time per the electronic time card system.

An employee notified the Director of Public Works and the Compliance Officer in May 2017 of the overtime abuse. The employee was reprimanded soon thereafter for an infraction.

During the period under audit, there were no formal written policies regarding the hours of operation and approval of overtime. Also, there are no cameras at Pleasant Ridge.

**B)** On May 17, 2018, the Chief Administrative Officer and the Director of Accounting notified the auditor of an internal investigation involving Emergency Call Out (ECO) pay. It appears the General Foreman and the same road crew employee (from above) were turning in time for working ECO beginning in October 2017 thru April 6, 2018, when they were not. There may be other employees involved. The auditor was informed that the District Attorney, the Tangipahoa Parish Sheriff, and the Louisiana Legislative Auditor were notified.

This matter is being investigated by the Tangipahoa Parish Sheriff. It is unknown as of the date of this report what the effect would be on the financial statements.

It is recommended that management adopt comprehensive written policies and procedures regarding official hours of operation, the earning of overtime pay, and the earning of ECO pay. Management should consider the use of an anonymous tip hotline for employees to use to report fraud.

It should be noted that management has implemented new controls over both overtime and ECO pay and issued an internal memo.

---

### SECTION III - FEDERAL FINACIAL ASSISTANCE

---

#### **TPG 17-03 Section 8 – Mandatory use of Enterprise Income Verification (EIV) System**

**Federal Grantor – U.S. Department of Housing and Urban Development**

**Program Title- Section 8 Housing Choice Voucher Program**

**Federal CFDA Number- 14.871**

Per HUD Regulation 24 CFR 5.233-Mandated use of HUD's Enterprise Income Verification (EIV) System, effective January 31, 2010, all PHAs must use HUD's EIV system in its entirety:

- (i) As a third party source to verify tenant employment and income information during mandatory reexaminations or recertification's of family composition and income, in accordance with § 5.236, and administrative guidance issued by HUD; and
- (ii) To reduce administrative and subsidy payment errors in accordance with HUD administrative guidance.

Per HUD Regulation 24 CFR 5.233 (b) *Penalties for noncompliance*. Failure to use the EIV system in its entirety may result in the imposition of sanctions and/or the assessment of disallowed costs associated with any resulting incorrect subsidy or tenant rent calculations, or both.

During the test of Section 8 HCV Program tenant files, ten (22%) of the forty five files examined had Enterprise Income Verification (EIV) Reports that were not ran during the mandatory reexaminations or recertification's of family composition and income, in accordance with § 5.236, and administrative guidance issued by HUD.

Eight of the ten EIVs were ran in 2018. None of the contracts examined were for 2018. All contracts examined pertained to either 2016 or 2017. Three of the ten were signed and back dated by PHA staff using the dates of 11-2-2016, 4-13-2017, and 11-1-2017. One of the eight EIV reports actually had the May 2018 date whited out.

Two of the ten tenant files did not have an EIV report for the auditor to examine.

Tangipahoa Parish Government Section 8 HCV Program was in noncompliance with HUD Regulation 24 CFR 5.233 regarding the mandatory use of the EIV. Since the EIV Reports appear to have not been printed timely, this could have resulted in errors in calculations of HAP Payments and Utility reimbursements.

It is recommended that management review its current policy regarding compliance with grant requirements and hold a training class regarding the proper use of the EIV system.

TPG 17-03 as described above is also a compliance finding.

#### **TPG 17-04 Section 8 – Rental Assistance**

##### **Federal Grantor – U.S. Department of Housing and Urban Development**

##### **Program Title- Section 8 Housing Choice Voucher Program**

##### **Federal CFDA Number- 14.871**

Per HUD Regulation 24 CFR 982.516(f)- Family income and composition: Annual and interim examinations:

*(f) Accuracy of family income data.* The PHA must establish procedures that are appropriate and necessary to assure that income data provided by applicant or participant families is complete and accurate.

In accordance with 24 CFR 5.236(b)(3), PHAs are required to compare the information on the EIV report with the family-reported information. If the EIV report reveals an income source that was not reported by the tenant or a substantial difference in the reported income information, the PHA is required to take the following actions:

1. Discuss the income discrepancy with the tenant; and
2. Request the tenant to provide any documentation to confirm or dispute the unreported or underreported income and/ or income sources; and
3. In the event the tenant is unable to provide acceptable documentation to resolve the income discrepancy, the PHA is required to request from the third party source, any information necessary to resolve the income discrepancy; and
4. If applicable, determine the tenant's underpayment of rent as a result of unreported or underreported income, retroactively\*; and
5. Take any other appropriate action as directed by HUD or the PHA's administrative policies.

\*The PHA is required to determine the retroactive rent as far back as the existence of complete file documentation (form HUD-50058 and supporting documentation) to support such retroactive rent determinations.

Note: A substantial difference is defined as an amount equal to or greater than \$2,400 annually.

In my sample of 45 rental assistance payments made to landlords, two of the sample had annual overpayments totaling \$8,170.

- 1) One tenant appears to have under reported \$12,349 in wages in the period under audit. This resulted in an overpayment of \$2,170 for the period January 1 to July 31, 2017. The EIV on file revealed wages from an unreported employer for the 08/01/2016 and 08/01/2017 contracts. The only income reported by the tenant was monthly contribution from family member. No notes were in the file to indicate if the information on the EIV was used in any way. No notes were in the file to indicate that PHA staff verified the income with the 3<sup>rd</sup> party. Tenant signed the EIV form agreeing with the information.

Tangipahoa Parish Government  
Schedule of Current Year Findings and Questioned Cost - concluded

- 2) The second tenant appears to have under reported \$33,578 in wages for the period under audit. This resulted in an overpayment of \$6,000. It appears that an EIV was not ran at the time of recertification. It was ran in May 2018 and placed with the contract for 11/01/2016 thru 10/31/2017. The tenant did not report any wages for the contract 11/01/2016. The subsequent EIV report indicates wage income for the head of household and another adult in the family. No notes were in the file to indicate that PHA staff verified the income with the 3<sup>rd</sup> party. For the subsequent contract 11/01/2017 thru 10/31/2018, the tenant reported wage income. No notes were in the file as to whether there was a discussion with the tenant or 3<sup>rd</sup> party verification for **all** wages on the EIV report.

As a result of the two cases above **there is total questioned costs of \$8,170.**

It is recommended that management review each tenant file before the first payment is made on behalf of the tenant. It is also recommended the PHA Staff use the EIV system in its entirety to ensure that complete and accurate information is reported by tenant. For the two cases above, it is recommended the PHA staff follow HUD guidance on implementing a repayment agreement.

TPG 17-04 as described above is also a compliance finding.

TANGIPAHOA PARISH GOVERNMENT  
MANAGEMENT'S CORRECTIVE ACTION PLAN

For Current Year Audit Findings for the Year Ended December 31, 2017

<b>SECTION 1. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS</b>	
<b>Finding Reference No.</b>	<b>Management's Corrective Action Plan</b>
TPG 17-01 Local Government Budget Act Violations	The Parish will continue to monitor the budget monthly and amend the budget as needed. The Parish Clerk of Council will verify that all required notices are actually published by the official journal and will notify the Council should an item failed to be published as required.
TPG 17-02 Lack of Internal Controls over Payroll	The Parish has developed formal written policies regarding the hours of operation, the earning of overtime and emergency call out pay and the approval of overtime/ECO. Cameras are being installed at Pleasant Ridge.

<b>SECTION 2. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS</b>
--

<b>Finding Reference No.</b>	<b>Management's Corrective Action Plan</b>
TPG 17-03 Section 8 – Mandatory use of Enterprise Income Verification (EIV) System	<p>The Section 8 Housing Office does use the Enterprise Income Verification (EIV) System as a tool during Annual/Interim Certifications. There are instances where the EIV system is unavailable or not accessible and not being privy to the list of tenant files in questions, it is not possible to bring context to the file documentation referenced.</p> <p>In the future the Housing Authority will make certain that if an EIV Report is not available or accessible the tenant's file will be documented.</p>
TPG 17-04 Section 8 – Rental Assistance	<p>The Enterprise Income Verification (EIV) System is a tool that is used by the Housing Authority. The EIV tool is 6 to 12 months behind on reporting tenant's income and frequently reflects income that is in error and has income appearing and changing throughout the year. The questioned cost of \$8,170 is not agreed to because there has been no verification and no documentation by the auditor on the two files referenced and the amounts should not be nor can be counted as income until verified. Verification can take up to three months or more depending on employers' response times and cannot be done during the participants exam. The income on the EIV report is not considered income and cannot be attached to the tenant until it is documented and verified.</p> <p>In the future the Housing Authority staff will work to improve the EIV review process. If a repayment agreement is needed we will implement it based on verified and documented income over \$2,400.</p>

Date Submitted: 6/29/18

  
Tangipahoa Parish President



# LAURA GRAY

CERTIFIED PUBLIC ACCOUNTANT

WWW.LAURAGRAYCPA.COM

601 COURTNEY DRIVE  
P. O. BOX 1391  
AMITE, LOUISIANA 70422

PHONE (985) 748-9067  
FAX (985) 748-4370  
E-MAIL: LG@LAURAGRAYCPA.COM

## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To Robby Miller, Tangipahoa Parish President  
Members of the Parish Council,  
and the Louisiana Legislative Auditor:

I have performed the procedures enumerated below, which were agreed to by the Tangipahoa Parish Government (Parish) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2017 through December 31, 2017. The Parish's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

### ***Written Policies and Procedures***

---

1. Obtain the Tangipahoa Parish Government (Parish) written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the Parish does not have any written policies and procedures), as applicable:
  - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget  
*The written policies and procedures for the Parish Government address the preparing, adopting, monitoring, and amending of the budget.*
  - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

Tangipahoa Parish Government

Independent Account's Report on Applying Agreed Upon Procedures - Continued

*The written policies and procedures for the Parish Government address how purchases are initiated, the preparation and approval process of purchase requisitions and purchase requisitions and purchase orders, along with the controls to ensure compliance with bid law; and the documentation required to be maintained for all bids and price quotes. It does not address how vendors are added to the vendor list.*

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

*The written policies and procedures for the Parish Government address all items listed above.*

- d) **Receipts**, including receiving, recording, and preparing deposits

*The written policies and procedures for the Parish include the collection of receipts and preparation of the deposits.*

*The written policies and procedures for the Parish also address the recording of receipts.*

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

*The written policies and procedures for the Parish address all items listed above.*

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process

*The Parish does have a section in the "Policies and Procedures" document created for Grant Program Administration, but does not address this anywhere else separately.*

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

*The written policies and procedures for the Parish Government address all items listed above.*

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

*The written policies and procedures for the Parish Government address all items listed above.*

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the Parish's ethics policy.

*The Parish Government did not have any written policies and procedures that have been adopted in an employee manual. They are currently in the process of completing the manual and expect to adopt this in the coming year.*

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

*The Parish Governments policy & procedure manual does address all of the above regarding Debt Service.*

## **Board**

---

### 2. Obtain and review the board minutes for the fiscal period, and:

- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

*All minutes of the Parish Government meetings were obtained and reviewed. There was at least one monthly board meeting each month in which there was a quorum.*

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the Parish's prior audit (GAAP-basis).

➤ If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

*The minutes do reference a Budget report given by the Finance Director, his report includes monthly budget to actual comparison of all funds. This report is given out at the 2<sup>nd</sup> meeting of the month.*

- c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

*The Parish's minutes do reference the bidding, and approval of contracts.*

**Bank Reconciliations**

3. Obtain a listing of all bank accounts from management and management's representation that the listing is complete.

*Obtained the listing of the Parish Government's bank accounts and management's representation that the listing was complete.*

4. Using the listing provided by management, select all of the Parish's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

*The Parish has 12 bank accounts. One third of the bank accounts are four. All bank statements and reconciliations were obtained for the four selected accounts for the fiscal year.*

- a) Bank reconciliations have been prepared;

*Banks reconciliations for all 4 account chosen were prepared, there were no exceptions noted.*

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) had reviewed each bank reconciliation; and

*The bank reconciliations prepared for all accounts include evidence that a member of management had reviewed and signed each bank reconciliation.*

- c) If applicable, management had documentation reflecting that it had researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

*The Parish had old outstanding items in excess of 6 months in two of the accounts examined. The Pool account had outstanding checks dating back to 10/1/13 totaling \$530.29. Seven of these checks totaling \$393.57 are from payroll and are not researched; the Accountant stated that she didn't know the process within the computer to void old payroll checks, because it will affect balances for annual payroll reports. The Juror per Diem Fund had checks outstanding from time periods 1/24/17-3/29/17, these totaled \$436.40, and the Parish has no way to research these Jurors; The accountant stated because of the nature of the account that she would probably leave these outstanding at least a year before sending these to unclaimed property.*

### *Collections*

---

5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

*Obtained the listing of the Parish's cash collection locations and management's representation that the listing was complete.*

6. Using the listing provided by management, select all of the Parish's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). **For each cash collection location selected:**

*The parish has 10 different collection locations, only 8 of which take in cash. I selected three for testing; Amite permit office, Animal Shelter, and Landfill.*

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

*The parish has bonds in place that cover the President, Director of Finance, Director of Accounting, Chief Administrative Officer and (5) Staff Accountants, it also covers 58 employees, but does not name each position.*

*According to documentation received by the Director of Accounting, the person who collects cash, does not prepare the deposit, or record the transaction.*

*The permit office, and Landfill, do have separate drawers for each work station. The Animal Shelter has one cash drawer.*

- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the Parish had a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

*Documentation was obtained from the Staff Accountant and examined proving that she is reconciling the Animal Shelter reports generated to the software in general ledger.*

*Documentation was obtained from the Staff Accountant and examined proving that she is reconciling the Landfill reports to the general ledger monthly.*

*Documentation was obtained from the Staff Accountant and examined proving that she is reconciling the permit office reports to the general ledger.*

Tangipahoa Parish Government

Independent Account's Report on Applying Agreed Upon Procedures - Continued

*The Staff Accountant is not in charge of cash collections in any of these locations.*

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

Using collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

*Daily collection records were obtained from Permit office for 2 locations- Hammond & Amite. The deposits for the week of January 1/24/17-1/30/17 were examined, cash & check collections for this week were \$15,456.00. The Amite Collections were deposited same day or next day, however the Hammond office deposits were put in the bank after 2 days for four of the days examined and on one occasion was deposited into the bank after 3 days. (This is excluding weekends.)*

*Daily collection records were obtained from the Landfill, the deposit period with the highest cash/check collections was 5/22/17-5/27/17, and the collections for that week were \$9,520.64. Each deposit was made next day for the week examined.*

*Daily collection records were obtained from the animal shelter. The highest cash/check collection week was 3/27/17-4/1/17, the deposits were \$9,199.00. Each deposit was traced to bank statement and was made next day.*

- Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

*Each location had daily deposit reports that supported the deposits. The deposits matched the daily deposit reports that were sent to the bank.*

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the Parish had a process specifically defined (identified as such by the Parish) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

*The Parish does not have written documentation that determines the completeness of all Collections. It does however; specifically address the collection of Cash. It does not confirm with outside parties to determine if collections are complete.*

***Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)***

---

8. Obtain a listing of Parish disbursements from management or, alternately, obtain the general ledger and sort/filter for Parish disbursements. Obtain management's representation that the listing or general ledger population is complete.

*This procedure was done in conjunction with the Test of Disbursements.*

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the Parish had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

*Twenty five disbursements were randomly selected.*

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

*Of the twenty-five disbursements tested, five only had and required purchase orders. They were initiated with an electronic purchase order system. The other twenty disbursements were for professional services, payroll taxes, insurance premiums and monthly recurring items.*

- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

*The Five purchase orders were approved by a person who did not initiate the purchase.*

- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

*All Five payments for purchases were processed with an approved purchase order, and had appropriate receiving documents.*

10. Using Parish documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the Parish's purchasing/disbursement system.

*Accounts Payable clerk is not responsible for adding vendors. The Purchasing and Assistant Purchasing Agent are responsible for adding new vendors. This information was obtained verbally from the Accounts Payable Clerk and Director of Finance, because it wasn't specifically addressed in written documentation.*

11. Using Parish documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

*Purchasing agent initiates authorization for purchases and Finance Director is responsible for approving invoice. The invoice then goes to Accounts Payable clerk for Payment.*

12. Inquiry of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions.

*The Parish generates their own checks from blank check stock. The blank stock is not locked up as there is no information on the paper.*

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

*The Parish does not use a signature stamp.*

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

---

14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

*Obtained from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards and management's representation that the listing was complete.*

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the Parish has less than 10 cards) that were used during the fiscal period, rotating cards each year.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.

*Ten cards were randomly selected. Out of the 10 cards selected, seven were fuel cards using the Fueltrack system.*

- b) Report whether finance charges and/or late fees were assessed on the selected statements.

*No finance charges and/or late fees were assessed on the monthly statements.*

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

*The Parish has 10 credit cards plus 37 Fueltrack. Three credit cards were chosen to test, plus seven Fueltrack.*

- a) For each transaction, report whether the transaction is supported by:

- An original itemized receipt (i.e., identifies precisely what was purchased)

*Each transaction on the 3 credit cards selected were supported by an original itemized receipt. The 7 fuel cards did not have attached the original receipt from the pump. The Fueltrack invoice provides details to identify the card, vehicle, driver, time, location, quantity and amount for each transaction.*

- Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

*Public purpose was not attached to Parish President's Credit Cards documenting travel reason. President's calendar was pulled from his secretary; it appears he was traveling to Washington, D.C.*

- Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

*Other documentation was provided in accordance with written policy.*

- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the Parish's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

*None of the transactions selected were over \$10,000 for the Louisiana Public Bid Law requirement. The Parish's written purchasing/disbursement policies appear to have been followed.*

- c) For each transaction, compare the Parish's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

*There were no violations of Article 7, Section 14 noted in the Credit Cards examined.*

### ***Travel and Expense Reimbursement***

---

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

*Obtained the listing of all travel and related expense reimbursements, by person, and management's representation that the listing was complete.*

18. Obtain the Parish's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)) and report any amounts that exceed GSA rates.

*The Parish uses a standard mileage rate and reimbursement for meals is based in accordance with meal allowances authorized with the [www.gsa.gov](http://www.gsa.gov) website (in effect at the date of travel).*

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

Tangipahoa Parish Government

Independent Account's Report on Applying Agreed Upon Procedures - Continued

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the Parish does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

*Of the three expense reimbursements chosen, two were for travel reimbursement and one was for mileage reimbursement. All three were paid in accordance with policy.*

- b) Report whether each expense is supported by:

- An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.

*The two that were travel reimbursed expenses had hotel invoices attached. One was mileage reimbursement and did not require a receipt.*

- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

*Of the three chosen, there were no meal reimbursements; however the one that had mileage reimbursement had a log attached documenting travel.*

- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

*Two travel reimbursements were checked. One had a Professional Development Request form authorizing travel, and one did not. According to the "travel policy & procedures," a Professional Development Request form must be filled out and approved in advance by the CAO and their supervisor. The one without had the approval from the Finance Director on the credit card authorized form.*

- c) Compare the Parish's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

*It appears that there were no loans, donation of funds, or things of value found while examining the documentation, in which the Louisiana Constitution prohibits. However, there were no conference brochures attached to compare to the dates of travel.*

- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

*The expenses were reviewed and approved, in writing, by someone other than the person receiving reimbursement.*

### Contracts

20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

*Obtained the listing of vendor activity report that includes all contracts and the representation that the listing was complete.*

21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

*A formal written contract was provided for each of the five contracts selected.*

- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the Parish complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)

*Four of the five selected contracts followed bid law and complied with all legal requirements. One of the five selected contract did not follow bid law because an emergency was declared in accordance with RS: 38:212(P)*

- If no, obtain supporting contract documentation and report whether the Parish solicited quotes as a best practice.

*The contract that did not follow bid law had two quotes within the Contract folder. The Parish did award the contract to the lowest bid.*

Tangipahoa Parish Government

Independent Account's Report on Applying Agreed Upon Procedures - Continued

- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

*There were amendments to four of the five projects examined. The amendments to the scope of work agreed with the contract terms and were approved by the Council.*

- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

*Obtained the largest payment for each of the five contracts, and supporting invoice information, all appeared to apply to the terms and conditions of the contract.*

- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

*All projects tested had Council approval.*

***Payroll and Personnel***

---

22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:

*Obtained the listing of employees and elected officials with their related salaries and the representation that the listing was complete.*

- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

*All five of the employees were paid according to the terms and conditions of the employment contract.*

Tangipahoa Parish Government

Independent Account's Report on Applying Agreed Upon Procedures - Continued

- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

*Four of the five employees tested did have approval in writing of pay changes. However, one did not have his notice of employee change form signed by the Parish President. The Parish President's signature is required.*

23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the Parish had less than 25 employees during the fiscal period), and:

- a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

*All of the employees tested, documented their attendance.*

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

*All time for selected employees was approved by supervisor signature.*

- c) Report whether there is written documentation that the Parish maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

*The Parish keeps a system report with each payroll which tracks hours earned, used, and available balance.*

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

*Obtained from management a listing of employees and officials that terminated during the fiscal year and management's representation that the listing was complete. Obtained the personnel files for the two employees with the largest termination payments made during the fiscal period.*

*The payments were made in strict accordance with policy and/or contract and approved by management.*

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

*Documentation reflected that the payroll tax returns and retirement reports were submitted to the applicable agencies by the required deadlines. Obtained documentation that all of the EFTPS deposits and retirement reports were made timely.*

### ***Ethics***

---

26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the Parish maintained documentation to demonstrate that required ethics training was completed.

*All of the five randomly selected employees and officials obtained their ethics training.*

27. Inquire of management whether any alleged ethics violations were reported to the Parish during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the Parish's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

*There were no known ethics violations reported.*

### ***Debt Service***

---

28. If debt was issued during the fiscal period, obtain supporting documentation from the Parish, and report whether State Bond Commission approval was obtained.

*Debt was issued during the year and the State Bond Commission approval was obtained.*

29. Obtain supporting documentation from the Parish and report whether the Parish made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

*All required scheduled debt service payments were made and all debt reserves were maintained in accordance with debt covenants.*

Tangipahoa Parish Government

Independent Account's Report on Applying Agreed Upon Procedures - Continued

30. If the Parish had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

*There were no millage collections that exceed debt service payment by more than 10%.*

**Other**

---

31. Inquire of management whether the Parish had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the Parish reported the misappropriation to the legislative auditor and the district attorney of the Parish in which the Parish is domiciled.

*Compliance officer asserted that they did have one instance of theft. The employee stole car wash supplies from the landfill. The employee was fired. This incident was reported to auditor on February 27, 2017.*

*Management contacted the auditor in May 2018, and gave information of another known employee theft regarding payroll. Management contacted the District Attorney, the Sheriff and Louisiana Legislative Auditor regarding this matter. Since the investigation is still under way, the employee has not yet been fired, but is on leave. (See current year audit finding TPG 17-02)*

32. Observe and report whether the Parish has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at [www.la.gov/hotline](http://www.la.gov/hotline)) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds

*All sites visited had the poster on premise. The Parish website also has the notice posted.*

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

*No exceptions noted.*

Tangipahoa Parish Government

Independent Account's Report on Applying Agreed Upon Procedures - Concluded

I was not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, I do not express such an opinion or conclusion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

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

  
Certified Public Accountant

June 25, 2018



POST OFFICE BOX 215  
AMITE, LOUISIANA 70422

OFFICE (985) 748-3211  
FAX (985) 748-7576

**ROBBY MILLER**  
PARISH PRESIDENT

June 29, 2018

As a result of the Independent Accountant's Report on Applying Agreed-Upon Procedures for the Fiscal Year Ended December 31, 2017, the Parish respectfully submits the following response:

Written Policies and Procedures:

- (1) i. - The Parish will add the state ethics requirements to the personnel manual.

Bank Reconciliations:

- (2) c. - The Parish will continue to monitor outstanding transactions and remit old transactions to unclaimed property.

Collections:

- (6) c. - The Parish has controls in place to ensure deposits are made on a timely basis.

Payroll and Personnel:

- (22) b. - The Parish has a policy in place to ensure that payroll forms are signed by the next level of supervision in the event that an authorizing signor is unavailable due to leave.

Sincerely,



Robby Miller,  
Tangipahoa Parish President

---

**COUNCIL**

TRENT FORREST  
DISTRICT 1  
EMILE "JOEY" MAYEAUX  
DISTRICT 6

JAMES BAILEY  
DISTRICT 2  
LIONELL WELLS  
DISTRICT 7

LOUIS "NICK" JOSEPH  
DISTRICT 3  
DAVID P. VIAL  
DISTRICT 8

CARLO S. BRUNO  
DISTRICT 4  
HARRY LAVINE  
DISTRICT 9

H. G. "BUDDY" RIDGEL  
DISTRICT 5  
BOBBY CORTEZ  
DISTRICT 10