

**ST. MARY PARISH
COMMUNICATIONS DISTRICT**

Morgan City, Louisiana

Financial Report

Year Ended December 31, 2023

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1-3
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Statement of net position	6
Statement of activities	7
Fund Financial Statements	
Governmental fund	
Balance sheet	9-10
Statement of revenues, expenditures, and change in fund balance	11-12
Notes to financial statements	13-31
REQUIRED SUPPLEMENTARY INFORMATION	
General Fund	
Budgetary comparison schedule	33
Schedule of employer's share of net pension liability/asset	34
Schedule of employer pension contributions	35
Notes to required supplementary information	36-37
INTERNAL CONTROL, COMPLIANCE, AND OTHER MATTERS	
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>	39-40
Summary schedule of prior audit findings	41
Schedule of audit results and findings	42-43
Corrective action plan for current audit findings	44

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INDEPENDENT AUDITOR'S REPORT

The Board of Commissioners
St. Mary Parish Communications District
Morgan City, Louisiana

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that certain information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States

of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the budgetary comparison schedule, schedule of employer's share of net pension liability/asset, schedule of employer pension contributions, and notes to required supplementary information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The District has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 28, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
May 28, 2024

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

ST. MARY PARISH COMMUNICATIONS DISTRICT
Morgan City, Louisiana

Statement of Net Position
December 31, 2023

	<u>Governmental Activities</u>
ASSETS	
Cash and interest-bearing deposits	\$ 499,337
Investments	634,973
Communications taxes receivable	125,279
Prepaid expenses	49,116
Capital assets, net	<u>277,912</u>
Total assets	<u>1,586,617</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to net pension liability	<u>339,271</u>
LIABILITIES	
Accounts payable	5,660
Accrued liabilities	42,220
Noncurrent liabilities:	
Due within one year	
SBITA liability	53,975
Contract payables	19,143
Due in more than one year	
SBITA liability	78,051
Contract payables	88,337
Compensated absences	19,482
Net pension liability	<u>247,724</u>
Total liabilities	<u>554,592</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to net pension liability	<u>37,846</u>
NET POSITION	
Net investment in capital assets	38,406
Unrestricted	<u>1,295,044</u>
Total net position	<u>\$ 1,333,450</u>

The accompanying notes to financial statements are an integral part of this statement

ST. MARY PARISH COMMUNICATIONS DISTRICT
Morgan City, Louisiana

Statement of Activities
Year Ended December 31, 2023

	<u>Governmental Activities</u>
Expenses:	
Public safety	
Salaries and related taxes and benefits	\$ 763,254
Telephone and equipment rental	87,273
Dues and subscriptions	1,661
Insurance	28,147
Office expense	4,242
Professional fees	47,491
Repairs and maintenance	34,150
Supplies	6,390
Travel and training	1,577
Utilities	14,241
Depreciation	<u>108,430</u>
Total expenses	1,096,856
Program revenues:	
Operating grants and contributions	<u>5,997</u>
Net program expense	<u>1,090,859</u>
General revenues:	
Communication taxes	919,773
Intergovernmental	80,958
Interest earned	32,734
Other	<u>1,023</u>
Total general revenues	<u>1,034,488</u>
Change in net position	(56,371)
Net position, beginning	<u>1,389,821</u>
Net position, ending	<u>\$ 1,333,450</u>

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

FUND FINANCIAL STATEMENTS

ST. MARY PARISH COMMUNICATIONS DISTRICT
Morgan City, Louisiana

Balance Sheet
Governmental Fund
December 31, 2023

	<u>General Fund</u>
ASSETS	
Cash and interest-bearing deposits	\$ 499,337
Investments	634,973
Communications taxes receivable	<u>125,279</u>
Total assets	<u>\$ 1,259,589</u>
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable	\$ 5,660
Accrued liabilities	<u>42,033</u>
Total liabilities	<u>47,693</u>
Fund balance:	
Committed	139,645
Assigned	384,145
Unassigned	<u>688,106</u>
Total fund balance	<u>1,211,896</u>
Total liabilities and fund balance	<u>\$ 1,259,589</u>
	(continued)

ST. MARY PARISH COMMUNICATIONS DISTRICT
Morgan City, Louisiana

Balance Sheet (continued)
Governmental Fund
December 31, 2023

Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position

Total fund balance for the governmental fund at December 31, 2023	\$1,211,896
Capital assets, net of accumulated depreciation/amortization	277,912
Prepaid items	49,116
Deferred outflows of resources related to net pension liability	339,271
Accrued interest	(187)
Long-term liabilities	
SBITA liability	(132,026)
Contract Payables	(107,480)
Compensated absences	(19,482)
Net pension liability	(247,724)
Deferred inflows of resources related to net pension liability	<u>(37,846)</u>
Net position at December 31, 2023	<u>\$1,333,450</u>

The accompanying notes to financial statements are an integral part of this statement

ST. MARY PARISH COMMUNICATIONS DISTRICT
Morgan City, Louisiana

Statement of Revenues, Expenditures, and Change in Fund Balance
Governmental Fund
Year Ended December 31, 2023

	General Fund
Revenues:	
Landline tax	\$ 98,475
Voice over internet protocol (VoIP) tax	171,205
Cellular tax	557,806
Prepaid wireless tax	92,287
Intergovernmental cost share	80,958
Interest earned	32,734
Other revenues	1,023
Total revenues	1,034,488
Expenditures:	
Public safety	
Salaries and related taxes and benefits	716,892
Telephone and equipment rental	84,614
Dues and subscriptions	1,661
Insurance	39,201
Office	4,242
Professional fees	47,491
Repairs and maintenance	34,150
Supplies	6,390
Travel and training	1,577
Utilities	14,241
Capital outlay	324,867
Debt service	
Principal	53,328
Interest	2,472
Total expenditures	1,331,126
Deficiency of revenues over expenditures	(296,638)
Other financing sources:	
Issuance of debt	292,834
Net change in fund balance	(3,804)
Fund balance, beginning	1,215,700
Fund balance, ending	\$ 1,211,896

(continued)

ST. MARY PARISH COMMUNICATIONS DISTRICT
Morgan City, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balance (continued)
Governmental Fund
Year Ended December 31, 2023

Reconciliation of the Statement of Revenues, Expenditures, and Change in Fund Balance
of the Governmental Fund to the Statement of Activities

Total net change in fund balance - governmental fund		\$ (3,804)
Capital outlay		324,867
Depreciation amortization expense		(108,430)
Changes in prepaid items		11,054
Principal paid		53,328
Change in accrued interest		(187)
Issuance of debt		(292,834)
Effects of recording net pension liability and deferred inflows and outflows of resources related to net pension liability:		
Increase in pension expense	(46,362)	
Nonemployer pension contribution revenue	<u>5,997</u>	<u>(40,365)</u>
Change in net position for governmental activities		<u>\$ (56,371)</u>

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

ST. MARY PARISH COMMUNICATIONS DISTRICT
Morgan City, Louisiana

Notes to Financial Statements

INTRODUCTION

The St. Mary Parish Communications District (hereinafter "District") was created by Ordinance No. 1054 of the St. Mary Parish Council, on March 8, 1989, to provide emergency 911 services for all territory within the corporate limits of the Parish of St. Mary, State of Louisiana.

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

(1) Summary of Significant Accounting Policies

The more significant of the District's accounting policies are described below.

A. Reporting Entity

As the governing authority of the parish, for reporting purposes, the St. Mary Parish Council is the financial reporting entity for St. Mary Parish. The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary 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.

Government Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*, as amended, established criteria for determining which component units should be considered part of the St. Mary Parish Council 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:

- Appointing a voting majority of an organization's governing body, and the ability of the parish council to impose its will on that organization and/or the potential for the organization to provide specific financial benefits to or impose specific financial burdens on the parish council.
- Organizations for which the parish council does not appoint a voting majority but are fiscally dependent on the parish council.
- 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.

ST. MARY PARISH COMMUNICATIONS DISTRICT
Morgan City, Louisiana

Notes to Financial Statements (continued)

Because the parish council appoints the governing body and has the ability to significantly impose its will, the District is a component unit of the Parish of St. Mary, the financial reporting entity. In addition, there are no component units which combine with the District, as the primary government, to form a separate financial reporting entity. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the Parish of St. Mary, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

B Basis of Presentation

The accompanying financial statements of the District have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The accompanying financial statements have been prepared in conformity with GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for States and Local Governments*, issued in June 1999, as amended.

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the District as a whole. These statements include all the financial activities of the District. Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, as amended.

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

Fund Financial Statements

The District uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain District functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The fund of the District is classified as a governmental fund. The emphasis on fund financial statements is on major funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the District or its total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures of the individual governmental fund is at least 10 percent of the corresponding total for all governmental funds. The General Fund is considered to be a major fund of the District. The District’s general fund is described below:

ST. MARY PARISH COMMUNICATIONS DISTRICT
Morgan City, Louisiana

Notes to Financial Statements (continued)

Governmental Fund –

General Fund – This fund is the primary operating fund of the District and it accounts for the operations of the District's office. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to District policy

C Capital Assets

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at acquisition value at the date of donation. The District maintains a threshold level of \$500 or more for capitalizing assets.

Capital assets are recorded in the statement of net position. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Asset Class</u>	<u>Useful Lives</u>
Equipment	5-10
Furniture & fixtures	10

D. Measurement Focus Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used by all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District considers all revenues available if they are collected within 60 days after the fiscal year end. The District uses the following practices in recording certain revenues and expenditures:

Revenues

The District's major revenue source is the communications district tax, which is recorded as revenue in the month collected by the various telecommunications companies.

Intergovernmental revenues are recorded when approved for payment by the payor or governing body.

Substantially all other revenues are recorded when received.

ST. MARY PARISH COMMUNICATIONS DISTRICT
Morgan City, Louisiana

Notes to Financial Statements (continued)

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is that principal and interest on long-term debt is recognized when due.

E. Cash, Interest-bearing deposits, and Investments

Cash and interest-bearing deposits include all demand accounts, savings accounts, and certificate of deposits of the District. Interest-bearing deposits are stated at cost, which approximates market.

Under state law, the District may deposit funds with a fiscal agent organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The District may invest in United States bonds, treasury notes and bills, government backed agency securities, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool (LAMP), a nonprofit corporation formed by the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool.

F. Compensated Absences

Employees earn vacation and sick leave annually at varying rates depending upon length of service. Vacation leave earned does not carry over from period to period. However, sick leave earned is allowed to accumulate from period to period if not used.

Upon termination, an employee is compensated for accumulated vacation time. Employees are not compensated for sick time unless termination is due to retirement.

G. Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the statement of net position and or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense expenditure) until then.

In addition to liabilities, the statement of net position and or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

ST. MARY PARISH COMMUNICATIONS DISTRICT
Morgan City, Louisiana

Notes to Financial Statements (continued)

H. Equity Classifications

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

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

When an expense is incurred for purposes for which both restricted and unrestricted resources are available, the District considers restricted funds to have been spent first.

In the fund statements, governmental fund equity is classified as fund balance. Fund balance is further classified in accordance with GASB Statement No. 54 as follows:

- a. Nonspendable – Amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
- b. Restricted – Amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments
- c. Committed – Amounts that can be used only for specific purposes determined by a formal action of the Board of Commissioners. The Board of Commissioners is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through resolutions approved by the members of the Board of Commissioners.
- d. Assigned – Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the District’s adopted policy, only the Director may assign amounts for specific purposes.
- e. Unassigned – All other spendable amounts.

ST. MARY PARISH COMMUNICATIONS DISTRICT
Morgan City, Louisiana

Notes to Financial Statements (continued)

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers the restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Commissioners or the Director has provided otherwise in its commitment or assignment actions.

I. Pensions

For purposes of measuring the net pension liability asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Parochial Employees Retirement System (the Plan), and additions to deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

(2) Cash

Under state law, the District may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The District may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At December 31, 2023, the District has cash (book balances) totaling \$499,337 as follows:

Cash and interest-bearing deposits	\$ 438,813
Certificates of deposit	<u>60,524</u>
Total cash and equivalents	<u>\$ 499,337</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the financial institution. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 2023, deposit balances (bank balances) totaling \$501,087 were secured as follows:

Federal deposit insurance	\$ 495,945
Uninsured and collateralized with pledged securities	<u>5,142</u>
Total federal deposit insurance and pledged securities	<u>\$ 501,087</u>

ST. MARY PARISH COMMUNICATIONS DISTRICT
Morgan City, Louisiana

Notes to Financial Statements (continued)

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the District's deposits may not be recovered or the collateral securities that are in the possession of an outside party will not be recovered. The District does not have a policy to monitor or attempt to reduce exposure to custodial credit risk. At December 31, 2023, deposits in the amount of \$5,142 were exposed to custodial credit risk. These deposits are uninsured and collateralized with securities held by the pledging institution's trust department or agent but not the District's name.

(3) Investments

Investments held at December 31, 2023 consist of \$634,973 in the Louisiana Asset Management Pool (LAMP). LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local governments having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA-R.S. 33:2955.

GASB Statement No. 40, *Deposit and Investment Risk Disclosure*, requires the disclosure of credit risk, custodial credit risk, concentration of credit risk, and foreign currency risk for all public entity investments.

LAMP is a 2a7-like investment pool. The following facts are relevant for 2a7-like investments pools:

Credit risk – LAMP is rated AAAM by Standard & Poor's.

Custodial credit risk – LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not with the securities that make up the pool; therefore, no disclosure is required.

Concentration of credit risk – pooled investments are excluded from the 5 percent disclosure requirement.

Interest rate risk – 2a7-like investment pool are excluded from this disclosure requirement, per paragraph 15 of the GASB 40 statement.

Foreign currency risk – not applicable to 2a7-like pools.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair value of investments is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

ST. MARY PARISH COMMUNICATIONS DISTRICT
Morgan City, Louisiana

Notes to Financial Statements (continued)

LAMP, Inc. is subject to regulatory oversight of the State Treasurer and the Board of Directors. LAMP is not registered with the SEC as an investment company.

Fair Value Measurements

To the extent available, the District's investments are recorded at fair value as of December 31, 2023. GASB Statement No. 72, *Fair Value Measurements and Application*, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The District measures and records its investments using fair value guidelines established by GASB 72, which recognizes a three-tiered fair value hierarchy as follows:

- Level 1 — quoted prices for identical investments in active markets
- Level 2 — observable inputs other than quoted market prices
- Level 3 — unobservable inputs

The District's investments in LAMP are measured using observable inputs other than quoted market prices (Level 2 inputs). The investments in LAMP are valued using quoted market prices of the underlying investment of LAMP on a weekly basis and the value of the position in the external investment pool is the same as the net asset value of the pool shares.

(4) Receivables

The following is a summary of communications taxes receivable at December 31, 2023:

Amounts due from:	
Landline providers	\$ 7,753
Voice over Internet Protocol (VoIP) providers	30,224
Wireless providers	65,096
Prepaid phone providers	<u>22,206</u>
	<u>\$ 125,279</u>

Management is of the opinion that all receivables are collectible; therefore, no provision for uncollectible accounts receivable has been made for the year ended December 31, 2023.

ST. MARY PARISH COMMUNICATIONS DISTRICT
Morgan City, Louisiana

Notes to Financial Statements (continued)

(5) Capital Assets

Capital asset activity for the year ended December 31, 2023 was as follows:

	Balance 1/1/2023	Additions	Deletions	Balance 12/31/2023
Assets being depreciated				
Furniture and equipment	\$ 319,976	139,513	\$ -	\$ 459,489
Less accumulated depreciation	(258,501)	(53,691)	-	(312,192)
Total capital assets being depreciated, net	<u>61,475</u>	<u>85,822</u>	<u>-</u>	<u>147,297</u>
Intangible right-to-use assets				
SBITA	185,354	-	-	185,354
Less accumulated amortization	-	(54,739)	-	(54,739)
Total assets being amortized, net	<u>185,354</u>	<u>(54,739)</u>	<u>-</u>	<u>130,615</u>
Net capital assets	<u>\$ 246,829</u>	<u>\$ 31,083</u>	<u>\$ -</u>	<u>\$ 277,912</u>

Depreciation/amortization expense in the amount of \$108,430 was charged to public safety.

(6) Subscription-Based Information Technology Arrangement (SBITA)

The District implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* during the year ended December 31, 2023. The primary objective of this statement is to enhance the relevance and consistency of information about governments' subscription activities. This statement establishes a single model for subscription accounting based on the principle that subscriptions are financings of the right to use an underlying asset. Under this Statement, an organization is required to recognize a subscription liability and an intangible right-to-use subscription asset.

The District recognizes a 41-month subscription for the use of a telephone communications system as of January 1, 2023. The subscription has an interest rate of 1.70%. The intangible right of use asset is reported with capital assets on the statement of net position. The asset and accumulated amortization is outlined in Note 5.

The following is a summary of changes in the SBITA liability for the year ended December 31, 2023:

	Balance 1/1/2023	Additions	Reductions	Balance 12/31/2023	Due Within One Year
SBITA	<u>\$ 185,354</u>	<u>\$ -</u>	<u>\$ (53,328)</u>	<u>\$ 132,026</u>	<u>\$ 53,975</u>

ST. MARY PARISH COMMUNICATIONS DISTRICT
Morgan City, Louisiana

Notes to Financial Statements (continued)

The future principal and interest payments as of December 31, 2023, are as follows:

Year Ending December 31.	Principal	Interest	Total
2024	\$ 53,975	\$ 1,825	\$ 55,800
2025	54,900	900	55,800
2026	23,151	99	23,250
	\$ 132,026	\$ 2,824	\$ 134,850

(7) Change in Compensated Absences

The following is a summary of noncurrent liability transactions of the District for the year ended December 31, 2023:

	<u>1/1/2023</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/2023</u>
Governmental activities:				
Compensated absences	\$ 19,482	\$ 3,927	\$ 3,927	\$ 19,482

(8) Change in Long-term Liabilities

During the year ended December 31, 2023, the District entered into a 60-month financing agreement for the lease of communication equipment. The agreement contains terms of an annual interest rate of 5.799%. The following changes occurred in long-term liabilities:

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance End of Year</u>	<u>Due Within One Year</u>
Governmental activities:					
Direct borrowings					
Finance purchase agreement	\$ -	\$ 107,480	\$ -	\$ 107,480	\$ 19,143

The future principal and interest payments as of December 31, 2023, are as follows:

Year Ending December 31.	<u>Direct Borrowings</u>		
	Principal	Interest	Total
2024	19,143	6,233	25,376
2025	20,253	5,123	25,376
2026	21,428	3,948	25,376
2027	22,670	2,706	25,376
2028	23,986	1,391	25,377
Total	\$ 107,480	\$ 19,401	\$ 126,881

ST. MARY PARISH COMMUNICATIONS DISTRICT
Morgan City, Louisiana

Notes to Financial Statements (continued)

(9) Compensation of Board Members

Board members for the year ended December 31, 2023 served without compensation and are as follows:

Ed Smith, Chair	Scott Verret
Travis Mayon, Vice Chair	Gary Driskell
Jimmy Broussard	Justin Martin
Garrett Grogan	

(10) Fund Balance

Fund balance is classified as nonspendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds are presented as follows:

	<u>General</u>
Fund balances:	
Committed	
Fire service equipment maintenance	\$ 139,645
Assigned	
Capital requirements	384,145
Unassigned	<u>688,106</u>
Total fund balances	<u>\$ 1,211,896</u>

(11) Compensation and Other Payments to Executive Director

Act 706 of the 2014 Legislative Session amended RS 24:513A requiring additional disclosure of total compensation, reimbursements, benefits, or other payments made to an agency head or chief officer. Expenses paid to Charlette Angeron for the year ended December 31, 2023 are as follows:

Salary	\$ 84,618
Benefits - Insurance	19,036
Benefits - Retirement	<u>9,731</u>
Total	<u>\$ 113,385</u>

ST. MARY PARISH COMMUNICATIONS DISTRICT
Morgan City, Louisiana

Notes to Financial Statements (continued)

(12) Pension Plan

The employer pension schedules for the Parochial Employees' Retirement System of Louisiana are prepared using the accrual basis of accounting. Members' earnable compensation, for which the employer allocations are based, is recognized in the period in which the employee is compensated for services performed.

Substantially all of the District's employees are covered under the Parochial Employees' Retirement System of Louisiana. Details concerning the plan are:

Plan Description: The Parochial Employees' Retirement System of Louisiana (the System) is a cost-sharing multiple-employer defined benefit pension plan established by Act 205 of the 1952 regular session of the Legislature of the State of Louisiana to provide retirement benefits to all employees of any parish in the state of Louisiana or any governing body or a parish which employs and pays persons serving the parish.

Act 765 of the year 1979, established by the Legislature of the State of Louisiana, revised the System to create Plan A and Plan B to replace the "regular plan" and the "supplemental plan". Plan A was designated for employers out of Social Security. Plan B was designated for those employers that remained in Social Security on the revision date. Employees of the District are members of Plan A.

The Parochial Employees' Retirement System of Louisiana issues a stand-alone report on their financial statements. Access to the report can be found on the system's website, www.persla.org, or on the Louisiana Legislative Auditor's website, www.lla.la.gov.

The following is a description of the plan and its benefits and is provided for general information purposes only. Participants should refer to these appropriate statutes for more complete information.

Eligibility Requirements: All permanent parish government employees (except those employed by Orleans, Lafourche and East Baton Rouge Parishes) who work at least 28 hours a week shall become members on the date of employment. New employees meeting the age and Social Security criteria have up to 90 days from the date of hire to elect to participate.

As of January 1997, elected officials, except coroners, justices of the peace, and parish presidents may no longer join the System.

Retirement Benefits: Any member of Plan A can retire providing he/she meets one of the following criteria:

For employees hired prior to January 1, 2007:

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

ST. MARY PARISH COMMUNICATIONS DISTRICT
Morgan City, Louisiana

Notes to Financial Statements (continued)

For employees hired after January 1, 2007.

1. Age 55 with 30 years of service.
2. Age 62 with 10 years of service.
3. Age 67 with 7 years of service.

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

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

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

A surviving spouse who is not eligible for Social Security survivorship or retirement benefits, and married not less than twelve (12) months immediately preceding death of the member, shall be paid an Option 2 benefit beginning at age 50.

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

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

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

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

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

ST. MARY PARISH COMMUNICATIONS DISTRICT
Morgan City, Louisiana

Notes to Financial Statements (continued)

the sole liability and responsibility of the participant and the designated provider to which contributions have been made.

Disability Benefits. For Plan A, a member shall be eligible to retire and receive a disability benefit if they were hired prior to January 1, 2007, and has at least five years of creditable service or if hired after January 1, 2007, has seven years of creditable service, and is not eligible for normal retirement and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan A shall be paid a disability benefit equal to the lesser of an amount equal to 3% of the member's final average compensation multiplied by his years of service, not to be less than 15, or three percent multiplied by years of service assuming continued service to age 60 for those members who are enrolled prior to January 1, 2007 and to age 62 for those members who are enrolled January 1, 2007 and later

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

In addition, the Board may provide an additional cost of living increase to all retirees and beneficiaries who are over age sixty-five equal to 2% of the member's benefit paid on October 1, 1977, (or the member's retirement date, if later). Also, the Board may provide a cost of living increase up to 2.5% for retirees 62 and older (RS 11:1937). Lastly, Act 270 of 2009 provided for further reduced actuarial payments to provide an annual 2.5% cost of living adjustment commencing at age 55.

Employer Contributions: According to state statute, contributions for all employers are actuarially determined each year. For the year ended December 31, 2022, the actuarially determined contribution rate was 7.10% of member's compensation for Plan A. However, the actual rate for the fiscal year ending December 31, 2021, was 11.50% for Plan A. The actual rate differs from the actuarially required rate due to state statutes that require the contribution rate be calculated and set two years prior to the year effective.

According to state statute, the System also receives 1/4 of 1% of ad valorem taxes collected within the respective parishes, except for Orleans and East Baton Rouge parishes. The System also receives revenue sharing funds each year as appropriated by the Legislature. Tax monies and revenue sharing monies are apportioned between Plan A and Plan B in proportion to the member's compensation. These additional sources of income are used as additional employer contributions and are considered support from non-employer contributing entities. During the year ended December 31, 2023, the District recognized revenue as a result of support received from non-employer contributing entities of \$5,977 for its participation in the System.

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

At December 31, 2023, the District reported liabilities in its governmental activities of \$247,724 for its proportionate share of the net pension liability of PERS. The net pension liabilities/assets were measured as of December 31, 2022, and the total pension liability/asset used to calculate the net pension obligation was determined by separate actuarial valuations performed as of that date. The District's proportion of the net pension liability/asset was based on a projection of the

ST. MARY PARISH COMMUNICATIONS DISTRICT
Morgan City, Louisiana

Notes to Financial Statements (continued)

District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2022, the District's proportional share of PERS was 0.064364%, which was an increase of 0.001161% from its proportion measured as of December 31, 2021.

For the year ended December 31, 2023, the District recognized a pension expense of \$100,576.

At December 31, 2023, the District 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	\$ 9,159	\$ 27,293
Changes of assumptions	7,906	-
Net difference between projected and actual earnings on pension plan investments	261,517	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	6,474	10,553
Employer contributions subsequent to the measurement date	<u>54,215</u>	<u>-</u>
	<u>\$ 339,271</u>	<u>\$ 37,846</u>

Deferred outflows of resources of \$54,215 resulting from the District's contributions subsequent to the measurement date will be recognized as an adjustment to the net pension asset in the following fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (benefit) as follows:

Fiscal Year Ended December 31,	
2024	\$ 2,165
2025	43,443
2026	84,363
2027	<u>117,239</u>
	<u>\$ 247,210</u>

ST. MARY PARISH COMMUNICATIONS DISTRICT
Morgan City, Louisiana

Notes to Financial Statements (continued)

Actuarial Methods and Assumptions: The net pension liability asset was measured as the portion of the present value of projected benefits to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position.

A summary of the actuarial methods and assumptions used in determining the total pension liability/asset as of December 31, 2023, are as follows:

	Parochial Employees' Retirement System of Louisiana Plan A
	<hr/>
Valuation Date	December 31, 2022
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Investment Rate of Return	6.40%, net of investment expense, including inflation
Projected Salary Increases	4.75%
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.
Mortality Rates	Pub-2010 Public Retirement Plans Mortality Table for Health Retirees multiplied by 130% for males and 125% for females using MP2018 scale for annuitant and beneficiary mortality. For employees, the Pub-2010 Public Retirement Plans Mortality Table for General Employees multiplied by 130% for males and 125% for females using MP2018 scale. Pub-2010 Public Retirement Plans Mortality Table for General Disabled Retirees multiplied by 130% for males and 125% for females using MP2018 scale for disabled annuitants.
Inflation Rate	2.30%

ST. MARY PARISH COMMUNICATIONS DISTRICT
Morgan City, Louisiana

Notes to Financial Statements (continued)

The discount rate used to measure the total pension liability asset was 6.40% for Plan A, which was the same rate used in the prior year. 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, PERS'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 the total pension liability.

The investment rate of return was 6.40% for Plan A, which was the same rate used in the prior year. The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the capital asset 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 2.10% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.70% for the year ended December 31, 2022.

Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of December 31, 2022 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate Of Return
Fixed Income	33%	1.17%
Equity	51%	3.58%
Alternatives	14%	0.73%
Real assets	2%	0.12%
Totals	100%	5.60%
Inflation		2.10%
Expected Arithmetic Nominal Return		7.70%

The mortality rate assumption used was set based upon an experience study performed on plan data for the period January 1, 2013, through December 31, 2017. The data was assigned credibility weighting and combined with a standard table to produce current levels of mortality. As a result of this study, mortality for employees was set equal to the Pub-2010 Public Retirement Plans Mortality Table for General Employees multiplied by 130% for males and 125% for females, each with full generational projection using the MP2018 scale. In addition, mortality for annuitants and beneficiaries was set equal to the Pub-2010 Public Retirement plans Mortality Table for Healthy Retirees multiplied by 130% for males and 125% for females, each with full generational projection using the MP2018 scale. For Disabled annuitants, mortality was set equal to the Pub-2010 Public Retirement Plan Mortality Table

ST. MARY PARISH COMMUNICATIONS DISTRICT
Morgan City, Louisiana

Notes to Financial Statements (continued)

for General Disabled Retirees multiplied by 130% for males and 125% for females, each with full generational projection using the MP2018 scale.

Sensitivity to Change in Discount Rate: The following presents the net pension liability/(asset) of the participating employers calculated using the discount rate of 6.40%, as well as what the employers' net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower 5.40% or one percentage point higher 7.40% than the current rate.

	1% Decrease 5.40%	Current Discount Rate 6.40%	1% Increase 7.40%
Net Pension Liability/(Asset)	<u>\$ 612,629</u>	<u>\$ 247,724</u>	<u>\$ (58,203)</u>

Payables to the Pension Plan: The District recorded no accrued liabilities payable to the System for the year ended December 31, 2023.

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report for the System available at www.persla.com.

(13) Net Position

Net position is presented as net investments in capital assets and unrestricted on the District's government-wide statement of net position. A component of the District's net position is significantly affected by transactions that resulted in the recognition of deferred outflow of resources and deferred inflow of resources, and the difference between the deferred outflow of resources and deferred inflow of resources and the balance of the related asset or liability is significant. As discussed in Note 11, the District's recognition of net pension asset in accordance with GASBS No. 68 significantly affected the District's unrestricted portion of net position as of December 31, 2023.

(14) Risk Management

The District is exposed to various risks of loss related to torts, theft or damage to assets, errors and omissions, injuries to employees and natural disasters. The District has purchased commercial insurance to protect against most of these perils. There were no significant reductions in insurance coverage, retentions, or limits during the current year. Settled claims have not exceeded commercial coverages in any of the previous three fiscal years.

(15) Concentrations

Substantially all of the District's revenues are in the form of communications and cellular tax revenues. The communications and cellular taxes collected during 2023 accounted for approximately 89% of the District's total revenues.

ST. MARY PARISH COMMUNICATIONS DISTRICT
Morgan City, Louisiana

Notes to Financial Statements (continued)

(16) Addenda to Financial Report Required by LA R.S. 33:9101 et seq

The collection of the Wireless E911 tax is authorized by Louisiana Revised Statute 33:9109. According to the statute, the District is to collect the tax from the providers of wireless communications. The proceeds of the tax are restricted in use for payment of service suppliers' and the District's costs associated with the implementation of Phase I and Phase II enhancements required by the FCC. Once these expenditures have been made and the system implementation is complete, the proceeds become unrestricted and may be used for any lawful purpose of the District. All Phase I and Phase II system implementation requirements are complete. During the year ended December 31, 2023, the District collected wireless communication taxes totaling \$557,806.

During the year ended December 31, 2023, the District received a total of 52,964 calls. This represents a 8% increase in call volume from the District's 2022 call volume.

(17) New Accounting Pronouncements

The following are new accounting pronouncements adopted by the Governmental Accounting Standards Board (GASB) that are scheduled to be implemented in the future and may affect the District's financial report:

GASB Statement 100, *Accounting Changes and Error Corrections - An Amendment of GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The standard is effective for annual reporting periods beginning after June 15, 2023. The effect of implementation on the District's financial statements has not yet been determined.

GASB Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This standard is effective for annual reporting periods beginning after December 15, 2023. The effect of implementation on the District's financial statements has not yet been determined.

REQUIRED SUPPLEMENTARY INFORMATION

ST. MARY PARISH COMMUNICATIONS DISTRICT
Morgan City, Louisiana

Budgetary Comparison Schedule
General Fund
Year Ended December 31, 2023

	Original	Amended	Actual (Non-GAAP Basis)	Variance - Favorable (Unfavorable)
Revenues:				
Tax				
Landline tax	\$ 141,659	\$ 104,389	\$ 98,475	\$ (5,914)
Voice over Internet Protocol (VoIP) tax	128,623	160,277	171,205	10,928
Cellular tax	544,523	560,580	557,806	(2,774)
Prepaid wireless tax	104,883	95,313	92,287	(3,026)
Intergovernmental cost share	50,000	80,000	80,958	958
Interest earned	14,000	23,000	32,734	9,734
Other revenues	850	1,050	1,023	(27)
Total revenues	984,538	1,024,609	1,034,488	9,879
Expenditures:				
Public safety:				
Salaries and related taxes and benefits	694,450	727,059	716,892	10,167
Telephone and equipment rental	91,172	141,372	84,614	56,758
Dues and subscriptions	2,200	2,200	1,661	539
Insurance	30,400	35,400	39,201	(3,801)
Office	3,050	3,550	4,242	(692)
Professional fees	44,500	44,500	47,491	(2,991)
Repairs and maintenance	9,500	37,000	34,150	2,850
Supplies	7,500	7,500	6,390	1,110
Travel and training	2,600	3,200	1,577	1,623
Utilities	13,100	13,100	14,241	(1,141)
Capital outlay	27,000	32,000	32,033	(33)
Debt service				
Principal	-	-	53,328	(53,328)
Interest	-	-	2,472	(2,472)
Total expenditures	925,472	1,046,881	1,038,292	8,589
Excess (deficiency) of revenues over expenditures	59,066	(22,272)	(3,804)	(18,468)
Other financing sources:				
Issuance of debt	-	-	-	-
Net change in fund balance	59,066	(22,272)	(3,804)	18,468
Fund balance, beginning	1,215,700	1,215,700	1,215,700	-
Fund balance, ending	\$1,274,766	\$1,193,428	\$1,211,896	\$ 18,468

ST. MARY PARISH COMMUNICATIONS DISTRICT
Morgan City, Louisiana

Schedule of Employer's Share of Net Pension Liability/Asset
Year Ended December 31, 2023

Plan Year Ended December 31,	Employer Proportion of the Net Pension Liability (Asset)	Employer Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
2014	0.051340%	\$ 14,037	\$ 280,314	5.01%	99.15%
2015	0.054509%	\$ 143,483	\$ 312,503	45.91%	92.23%
2016	0.059151%	\$ 121,822	\$ 349,834	34.82%	94.15%
2017	0.061148%	\$ (45,387)	\$ 410,368	11.06%	101.98%
2018	0.082447%	\$ 365,929	\$ 469,901	77.87%	88.86%
2019	0.087462%	\$ 4,117	\$ 520,557	0.79%	99.89%
2020	0.069430%	\$ (121,740)	\$ 490,600	-24.81%	104.00%
2021	0.063203%	\$ (297,714)	\$ 477,859	-62.30%	110.46%
2022	0.064364%	\$ 247,724	\$ 475,518	52.10%	91.32%

*This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.
See independent auditor's report and notes to required supplementary information.*

ST. MARY PARISH COMMUNICATIONS DISTRICT
Morgan City, Louisiana

Schedule of Employer Pension Contributions
Year Ended December 31, 2023

Fiscal Year Ended December 31.	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a % of Covered Payroll
2015	\$ 45,322	\$ 45,322	\$ -	\$ 312,503	14.50%
2016	\$ 45,478	\$ 45,478	\$ -	\$ 349,834	13.00%
2017	\$ 51,296	\$ 51,296	\$ -	\$ 410,368	12.50%
2018	\$ 54,039	\$ 54,039	\$ -	\$ 469,901	11.50%
2019	\$ 59,864	\$ 59,864	\$ -	\$ 520,557	11.50%
2020	\$ 56,419	\$ 56,419	\$ -	\$ 490,600	11.50%
2021	\$ 58,538	\$ 58,538	\$ -	\$ 477,859	12.25%
2022	\$ 54,685	\$ 54,685	\$ -	\$ 475,518	11.50%
2023	\$ 54,215	\$ 54,215	\$ -	\$ 471,436	11.50%

*This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.
See independent auditor's report and notes to required supplementary information.*

ST. MARY PARISH COMMUNICATIONS DISTRICT
Morgan City, Louisiana

Notes to Required Supplementary Information
Year Ended December 31, 2023

(1) Budgetary Basis of Accounting

The budget is adopted on the modified accrual basis consistent with generally accepted accounting principles (GAAP), with the exception of issuance of debt. Budgeted amounts are as originally adopted or as finally amended by the District.

(2) Budgetary Practices

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

1. The Executive Director of the District prepares a proposed budget for the general fund and submits it to the board for the fiscal year no later than fifteen days prior to the beginning of each fiscal year
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection.
3. A public hearing is held on the proposed budget after publication of the call for the hearing.
4. The District approves and adopts total budget revenue and expenditures only. The District approves and adopts total budget revenue and expenditures only.
5. All budgetary appropriations lapse at the end of the fiscal year.
6. Level of budgetary control is exercised at the fund level.

Neither encumbrance accounting nor formal integration of the budget into the accounting records is employed as a management control device. However, periodic comparisons of budget and actual amounts are made. Budget amounts included in the accompanying financial statements include the original adopted budget and all subsequent amendments.

(3) Non-GAAP Budgetary Reporting Reconciliation

Budget amounts for the General Fund are reconciled on a non-GAAP basis for comparison to budget as follows:

	As Reported	Adjustment to Budgetary Basis	Non-GAAP Basis
Expenditures			
Capital outlay	\$ 324,867	\$ (292,834)	\$ 32,033
Other financing sources			
Issuance of debt	\$ 292,834	\$ (292,834)	\$ -

ST. MARY PARISH COMMUNICATIONS DISTRICT
Morgan City, Louisiana

Notes to Required Supplementary Information
Year Ended December 31, 2023

(4) Pension Plan

A. Changes in Benefit Terms

There were no changes of benefit terms.

B. Changes in Assumptions

Fiscal Year ended December 31,	Discount Rate	Investment Rate of Return	Inflation Rate	Expected Remaining Service Lives	Projected Salary Increase
2015	7.25%	7.25%	3.00%	4	5.75%
2016	7.00%	7.00%	2.50%	4	5.25%
2017	7.00%	7.00%	2.50%	4	5.25%
2018	6.75%	6.75%	2.50%	4	5.25%
2019	6.50%	6.50%	2.40%	4	4.75%
2020	6.50%	6.50%	2.40%	4	4.75%
2021	6.40%	6.40%	2.30%	4	4.75%
2022	6.40%	6.40%	2.30%	4	4.75%
2023	6.40%	6.40%	2.30%	4	4.75%

INTERNAL CONTROL, COMPLIANCE, AND OTHER MATTERS

KOLDER, SLAVEN & COMPANY, LLC

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

The Board of Commissioners
St. Mary Parish Communications District
Morgan City, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of the St. Mary Parish Communications District (hereinafter "District"), a component unit of the Parish of St. Mary, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated May 28, 2024.

Report on Internal Control over Financial Reporting

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

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

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

that were not identified. However, we identified deficiencies in internal control that we consider to be material weaknesses, and which are described in the accompanying summary schedule of audit results and findings as items 2023-001 and 2023-002.

Report on Compliance and Other Matters

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

District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying corrective action plan for current audit findings. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. In accordance with Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
May 28, 2024

ST. MARY PARISH COMMUNICATIONS DISTRICT
Morgan City, Louisiana

Summary Schedule of Prior Audit Findings
Year Ended December 31, 2023

2022-001 – Financial Reporting

CONDITION: The District lacks adequate staff and the expertise to properly prepare financial statements in accordance with U.S. GAAP, as applicable to governmental entities.

RECOMMENDATION: Management should evaluate the additional costs required to achieve the desired benefit and determine if it is economically feasible in relation to the benefit received.

CURRENT STATUS: This finding is unresolved and will be reiterated in the current year as item 2023-001.

ST. MARY PARISH COMMUNICATIONS DISTRICT
Morgan City, Louisiana

Schedule of Audit Results and Findings
Year Ended December 31, 2023

Part I Summary of Auditor's Results

Financial Statements

1. Type of auditor's report issued on financial statements:

Opinion Unit	Type of Opinion
Governmental activities Major fund. General	Unmodified Unmodified

2. Internal control over financial reporting:

Material weakness(es) identified?	<u> ✓ </u>	yes	<u> </u>	no
Significant deficiency(ies) identified?	<u> </u>	yes	<u> ✓ </u>	none reported

3. Noncompliance material to the financial statements?

<u> </u>	yes	<u> ✓ </u>	no
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Other

4. Management letter issued?

<u> </u>	yes	<u> ✓ </u>	no
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Part II. Findings Relating to an Audit in Accordance with *Government Auditing Standards*

2023-001 – Financial Reporting

Year initially occurring: Unknown

CONDITION: The District lacks adequate staff and the expertise to properly prepare financial statements in accordance with U.S. GAAP, as applicable to governmental entities.

CRITERIA: The District's internal control over financial reporting includes those policies and procedures that pertain to its ability to record, process, summarize, and report financial data consistent with the assertions embodied in the financial statements and to apply GAAP in the preparation of those financial statements and related disclosures.

CAUSE: The condition results from the relatively small size of the District and the increased costs of hiring personnel to prepare GAAP-based financial statements.

EFFECT: GAAP-based financial statements, as applicable to governmental entities, are not prepared by the District.

RECOMMENDATION: Management should evaluate the additional costs required to achieve the desired benefit and determine if it is economically feasible in relation to the benefit received.

ST. MARY PARISH COMMUNICATIONS DISTRICT
Morgan City, Louisiana

Schedule of Audit Results and Findings
Year Ended December 31, 2023

2023-002 – Material Financial Statement Adjustments

Year initially occurring: 2023

CONDITION: Misstatements in the financial statements were not prevented, nor detected and corrected by the District's internal control resulting in proposed audit adjustments material to the financial statements.

CRITERIA: Internal control is a process – effected by those charged with governance, management, and other personnel – designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. The District's internal control over financial reporting includes those policies and procedures that pertain to the District's ability to record, process, summarize, and report financial data consistent with the assertions embodied in financial statements.

Such internal controls allow management to prevent or detect and correct misstatements on a timely basis.

CAUSE: The condition results from the failure to design and implement or follow implemented policies and procedures which provide assurance that the financial statements are not misstated.

EFFECT: Material audit adjustments were necessary to correct misstatements in the financial statements.

RECOMMENDATION: We recommend the District design and implement policies and procedures or follow implemented policies and procedures which provide assurance to the fair presentation of the financial statements.

Part III. Findings and Questioned Costs Relating to Federal Programs

This section is not applicable for the year ended December 31, 2023.

ST. MARY PARISH COMMUNICATIONS DISTRICT
Morgan City, Louisiana

Corrective Action Plan for Current Audit Findings
Year Ended December 31, 2023

2023-001 – Financial Reporting

CONDITION: The District lacks adequate staff and the expertise to properly prepare financial statements in accordance with U.S. GAAP, as applicable to governmental entities.

MANAGEMENT'S RESPONSE. Management continues to evaluate the cost-benefit of outsourcing the preparation of the District's financial statements to its independent auditors rather than incur the costs to employ someone to prepare GAAP-based financial statements and have determined that it would be more cost effective to outsource the preparation of the District's financial statements. We will review the financial statements, notes, and any supplementary information prior to accepting responsibility for their presentation and content.

2023-002 – Material Financial Statement Adjustments

CONDITION: Misstatements in the financial statements were not prevented, nor detected and corrected by the District's internal control resulting in proposed audit adjustments material to the financial statements.

MANAGEMENT'S RESPONSE The District has evaluated the cost/benefit of establishing internal controls over the preparation of the financial statement in accordance with generally accepted accounting principles and determined that it is the best interest of the District to outsource this task to its independent auditors and we will assign someone to oversee their services, and we will also review, approve and accept responsibility for the content and presentation of the statements and related notes prior to issuance.

**ST. MARY PARISH
COMMUNICATIONS DISTRICT**

Statewide Agreed-Upon Procedures

Fiscal period January 1, 2023 through December 31, 2023

KOLDER, SLAVEN & COMPANY, LLC

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES TO CONTROL AND COMPLIANCE AREAS IDENTIFIED BY THE LOUISIANA LEGISLATIVE AUDITOR

The Board of Commissioners, St. Mary Parish Communications District, and
Louisiana Legislative Auditor

We have performed the procedures enumerated below on the control and compliance areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2023 through December 31, 2023. The management of the St. Mary Parish Communications District (hereinafter "District") is responsible for those control and compliance areas identified in the SAUPs.

An agreed-upon procedures engagement involves the performing of specific procedures that the District has agreed to and acknowledged to be appropriate on those control and compliance areas identified in the LLA's SAUPs for the fiscal period January 1, 2023 through December 31, 2023 and report on exceptions based upon the procedures performed. Additionally, the LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. However, this report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated exceptions, if any, are as follows:

1) Written Policies and Procedures

A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:

- i. ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.

Written policies and procedures were obtained and address the subcategories noted above.

- ii. ***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.

Written policies and procedures were obtained but do not address: (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase

orders, or (5) documentation required to be maintained for all bids and price quotes.

- iii. **Disbursements**, including processing, reviewing, and approving.

Written policies and procedures were obtained and address the subcategories noted above

- iv. **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

Written policies and procedures were obtained but do not specifically address the subcategories noted above.

- v. **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.

Written policies and procedures were obtained and address the subcategories noted above.

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

Written policies and procedures were obtained but do not specifically address the subcategories noted above.

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

Written policies and procedures were obtained and address the subcategories noted above

- viii. **Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

Written policies and procedures were obtained and address the subcategories noted above.

- ix. **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

Written policies and procedures were obtained and address the subcategories noted above with the exception of (3) a system to monitor possible ethics violations.

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

Written policies and procedures were obtained but do not specifically address the subcategories noted above.

- xi. **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Written policies and procedures were obtained but do not address: (1) identification of critical data and frequency of data backups, (2) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available

system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

- xii. **Prevention of Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Written policies and procedures were obtained and address the subcategories noted above

2) Board or Finance Committee

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

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

The board did not meet in July and October 2023 due to a lack of quorum

- ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds

No exceptions were found as a result of this procedure.

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

The District did not have a negative ending unassigned fund balance in the general fund

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

Not applicable – No items needing corrective action plan observed.

3) Bank Reconciliations

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

Obtained a listing of bank accounts for the fiscal period from management and management's representation that the listing is complete. Management identified the main operating account. No other accounts are used for daily operations. Obtained and inspected the corresponding bank statements and reconciliations for each account.

- i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged):

No exceptions were found as a result of this procedure.

- ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared (e.g., initialed and dated, electronically logged); and

No exceptions were found as a result of this procedure

- iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Not applicable – No outstanding reconciling items exceeding 12 months were observed

4) Collections (excluding electronic funds transfers)

Note: The District has a third-party contractor performing all collections functions. Per the Louisiana Legislative Auditor's Statewide Agreed Upon Procedures, Version 6: "The Collection category is not required to be tested if the entity has a third-party contractor performing all collection functions (i.e., receiving collections, preparing deposits, and making deposits)." Therefore, the procedures below have been excluded.

- A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
- B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - i. Employees responsible for cash collections do not share cash drawers registers;
 - ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;
 - iii. Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee official is responsible for reconciling ledger postings to each other and to the deposit; and
 - iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.
- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.
- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Obtain supporting documentation for each of the 10 deposits and:
 - i. Observe that receipts are sequentially pre-numbered.
 - ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - iii. Trace the deposit slip total to the actual deposit per the bank statement.

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

5) Non-Payroll Disbursements (excluding card purchases, travel reimbursements, and petty cash purchases)

- A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

Obtained a listing of locations that process payments and management's representation that the listing is complete. Selected the District's one (1) location.

- B. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;

Only one employee, the Executive Director, is involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase; however, the board approves purchases greater than \$5,000.

- ii. At least two employees are involved in processing and approving payments to vendors;

No exceptions were found as result of this procedure.

- iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;

No exceptions were found as a result of this procedure.

- iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and

No exceptions were found as a result of this procedure.

- v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

No exceptions were found as a result of this procedure.

- C. For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and

Obtained the non-payroll disbursement transaction population and management's representation that the listing is complete. Randomly selected five (5) disbursements.

- i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and

No exceptions were found as a result of this procedure.

- ii. Observe whether the disbursement documentation included evidence (e.g., initial date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.

No exceptions were found as a result of this procedure.

- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

Selected electronic disbursements were not (a) approved by only those persons authorized to disburse funds per the District's policy nor (b) approved by the required number of authorized signers per the District's policy.

6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards

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

Obtained from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards, including the card numbers, the names of the persons who maintained possession of the cards, and management's representation that the listing is complete.

- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and

Selected the District's one (1) card, randomly selected one monthly statement for the card, and obtained supporting documentation.

- i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and

No exceptions were found as a result of this procedure.

- ii. Observe that finance charges and late fees were not assessed on the selected statements.

No exceptions were found as a result of this procedure.

- C. Using the monthly statements or combined statements selected under procedure #6B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Two (2) of the five (5) transactions did not have written documentation of the business/public purpose.

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

- A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements and obtain the related expense reimbursement forms prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected

Obtained management's representation that there were no travel and travel-related expenses for the fiscal period. Therefore, the procedures below are not applicable.

- i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov);
- ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;
- iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and
- iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

8) *Contracts*

- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and

Obtained a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period and management's representation that the listing is complete. Selected the District's two (2) contract(s).

- i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;
Not applicable – Selected contracts were not subject to the Louisiana Public Bid Law.
- ii. Observe whether the contract was approved by the governing body board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);
No exceptions were found as a result of this procedure.
- iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and
Not applicable – Selected contracts were not amended.
- iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.
No exceptions were found as a result of this procedure.

9) Payroll and Personnel

- A. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries pay rates in the personnel files.

Obtained a listing of all employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly selected five (5) employees or officials and agreed paid salaries to authorized salaries/pay rates in personnel files with no exceptions

- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and

- i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);

No exceptions were found as a result of this procedure.

- ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;

No exceptions were found as a result of this procedure.

- iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and

No exceptions were found as a result of this procedure.

- iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.

No exceptions were found as a result of this procedure.

- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.

Obtained a listing of all employees and officials that received termination payments during the fiscal period and management's representation that the listing is complete. Selected the District's one (1) terminated employee and performed the procedures above with no exception.

- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Obtained management's representation that all amounts have been paid, and any associated forms have been filed, by required deadlines.

10) Ethics

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and
- i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and
No exceptions were found as a result of this procedure.
 - ii. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
No exceptions were found as a result of this procedure.
- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.
No exceptions were found as a result of this procedure.

11) Debt Service

- A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.
Obtained management's representation that no bonds/notes were issued during the fiscal period. Other instruments issued did not require State Bond Commission approval in accordance with R.S. 39:1410.60
- B. Obtain a listing of bonds notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).
Obtained management's representation that no bonds/notes were outstanding at the end of the fiscal period.

12) Fraud Notice

- A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523
Obtained management's representation that there were no misappropriations of public funds and assets during the fiscal period.
- B. Observe that the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.
No exceptions were found as a result of this procedure.

13) Information Technology Disaster Recovery/Business Continuity

A. Perform the following procedures:

- i. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.

We performed the procedure and discussed the results with management.

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

We performed the procedure and discussed the results with management.

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

We performed the procedure and discussed the results with management.

- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

We performed the procedure and discussed the results with management.

- C. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:1267. The requirements are a) hired before June 9, 2020 – completed training; and b) hired on or after June 9, 2020 – completed training within 30 days of initial service or employment.

We performed the procedure and discussed the results with management.

14) Prevention of Sexual Harassment

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

- i. Number and percentage of public servants in the agency who have completed the training requirements.
No exceptions were found as a result of this procedure.
- ii. Number of sexual harassment complaints received by the agency:
No exceptions were found as a result of this procedure.
- iii. Number of complaints which resulted in a finding that sexual harassment occurred:
No exceptions were found as a result of this procedure.
- iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
No exceptions were found as a result of this procedure.
- v. Amount of time it took to resolve each complaint.
No exceptions were found as a result of this procedure.

Management's Response

The District concurs with the exceptions and is working to address the deficiencies identified.

We were engaged by the District to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable provisions of *Government Auditing Standards*, issued by the United States Comptroller General. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those control and compliance areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those control and compliance areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. This report is intended solely for the information of and use by the District's management and the LLA and is not intended to be and should not be used by anyone other than these specified parties. Accordingly, this report is not suitable for any other purpose. In accordance with Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants