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**ST. MARY PARISH COUNCIL**

**Primary Government Financial Statements  
St. Mary Parish, State of Louisiana**

**Annual Financial Statements  
with Independent Auditors' Report**

**And**

**Independent Auditors' Reports on Internal Control and Compliance**

**For the Year Ended December 31, 2003**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 7-14-04

**ST. MARY PARISH COUNCIL**

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**INDEPENDENT AUDITORS' REPORT**

To the St. Mary Parish Council  
Franklin, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, and the respective budgetary comparisons for the General Fund, Road Construction & Maintenance Fund, and Sanitation Fund of the St. Mary Parish Council, as of and for the year ended December 31, 2003, which collectively comprise the basic financial statements of the Council's primary government as listed in the table of contents as Basic Financial Statements. We also have audited the financial statements of each of the Council's nonmajor governmental funds presented as supplementary information in the accompanying combining and fund financial statements and individual fund budgetary comparison schedules as of and for the year ended December 31, 2003, as listed in the table of contents as Supplementary Information - Nonmajor Governmental Funds. These financial statements are the responsibility of the St. Mary Parish Council's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

The financial statements referred to above include only the primary government of the St. Mary Parish Council, which consists of all funds, organizations, institutions, agencies, departments, and offices that comprise the Council's legal entity. The financial statements do not include financial data for the Council's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial data of the Council's primary government. As a result, the primary government financial statements do not purport to, and do not, present fairly the financial position of the reporting entity of the St. Mary Parish Council as of December 31, 2003, and the changes in its financial position and its cash flows, where applicable, for the year ended in conformity with accounting principles generally accepted in the United States of America.

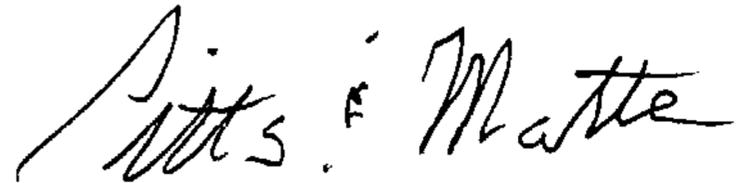
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information for the primary government of the St. Mary Parish Council, as of December 31, 2003, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the General Fund, Road Construction & Maintenance Fund, and Sanitation Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the primary government of the St. Mary Parish Council as of December 31, 2003, and the respective changes in financial position, and respective budgetary comparisons, where applicable thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Notes 1 and 2, the Council has implemented financial reporting, as required by the provisions of GASB Statements No. 33 Accounting and Financial Reporting for Nonexchange Transactions and No. 34, Basic Financial Statements--and Management's Discussion and Analysis--for State and Local Governments, as of December 31, 2003.

The Council has not presented Management's Discussion and Analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

In accordance with Government Auditing Standard, we have also issued our report dated April 30, 2004, on our consideration of the St. Mary Council's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the Council's primary government. The accompanying schedule of expenditures of federal awards, required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and the information listed as General Supplementary Information in the table of contents are presented for the purposes of additional analysis and are not a required part of the basic financial statements of the Council's primary government. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements of the Council's primary government and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements of the Council's primary government taken as a whole.

A handwritten signature in cursive script that reads "Pitts & Matte". The signature is written in black ink and is positioned above the firm's name.

CERTIFIED PUBLIC ACCOUNTANTS

April 30, 2004

BASIC FINANCIAL STATEMENTS

ST. MARY PARISH COUNCIL

Statement of Net Assets

December 31, 2003

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$5,693,066	\$850,371	\$6,543,437
Investments	8,021,125	426,572	8,447,697
Receivables (net of allowances for uncollectibles)	579,772	160,092	739,864
Due from other governments	6,620,274	1,562	6,621,836
Total current assets	<u>20,914,237</u>	<u>1,438,597</u>	<u>22,352,834</u>
Capital assets			
Land and improvements	1,750,876	3,802,599	5,553,475
Buildings, net of accumulated depreciation	10,897,088	5,268	10,902,356
Improvements other than buildings, net of accumulated depreciation	2,347,198	196,303	2,543,501
Equipment and furniture, net of accumulated depreciation	2,935,915	1,710,399	4,646,314
Infrastructure	2,048,396		2,048,396
Construction in progress	3,040,582		3,040,582
Total capital assets	<u>23,020,055</u>	<u>5,714,569</u>	<u>28,734,624</u>
Total assets	<u>\$43,934,292</u>	<u>\$7,153,166</u>	<u>\$51,087,458</u>
LIABILITIES AND NET ASSETS			
Liabilities			
Current liabilities			
Accounts payable	\$729,719	\$85,892	\$815,611
Contracts payable	869,635	15,857	885,492
Retainage payable	219,109		219,109
Accrued liabilities	215,424		215,424
Deferred revenue	289,296		289,296
Internal balances	341,450	(341,450)	
Accrued interest payable	385,394		385,394
Current portion of long-term debt	2,094,622	165,000	2,259,622
Total current liabilities	<u>5,144,649</u>	<u>(74,701)</u>	<u>5,069,948</u>
Noncurrent liabilities			
Compensated absences	155,280		155,280
Noncurrent portion of long-term debt	18,448,789		18,448,789
Landfill closure costs and post-closure care costs		3,380,000	3,380,000
Total noncurrent liabilities	<u>18,604,069</u>	<u>3,380,000</u>	<u>21,984,069</u>
Total liabilities	<u>23,748,718</u>	<u>3,305,299</u>	<u>27,054,017</u>
Net Assets			
Invested in capital assets, net of related debt	5,096,498	5,549,569	10,646,067
Restricted for:			
Capital projects	744,350		744,350
Debt service	324,492		324,492
Other purposes	504,263		504,263
Unrestricted	13,515,971	(1,701,702)	11,814,269
Total net assets	<u>20,185,574</u>	<u>3,847,867</u>	<u>24,033,441</u>
Total liabilities and net assets	<u>\$43,934,292</u>	<u>\$7,153,166</u>	<u>\$51,087,458</u>

ST. MARY PARISH COUNCIL

Statement of Activities

Year Ended December 31, 2003

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental activities</b>							
General government	\$4,159,550	\$315,448	\$793,130	\$449,334	(\$2,601,638)		(\$2,601,638)
Public safety	2,620,092	492,141	928,656	980,747	(218,548)		(218,548)
Public works	6,441,716	588,536	541,115	1,252,382	(4,059,683)		(4,059,683)
Sanitation	451,499		598,718		147,219		147,219
Culture & recreation	1,416,540	83,920	511,881	1,956,110	1,135,371		1,135,371
Health & welfare	1,012,937	245,913	73,254		(693,770)		(693,770)
Economic development & assistance	724,080		50,000	1,406,990	732,910		732,910
Interest and fees on long-term debt	1,674,545		77,385		(1,597,160)		(1,597,160)
<b>Total governmental activities</b>	<b>18,500,959</b>	<b>1,725,958</b>	<b>3,574,139</b>	<b>6,045,563</b>	<b>(7,155,299)</b>		<b>(7,155,299)</b>
<b>Business-type activities</b>							
Solid Waste Landfill	2,561,749	1,906,137	40,000		(\$615,612)		(615,612)
Small Animal Control	222,205	39,456	70		(182,679)		(182,679)
Kemper Williams Park	542,609	166,021	68,473	11,181	(296,934)		(296,934)
<b>Total business-type activities</b>	<b>3,326,563</b>	<b>2,111,614</b>	<b>108,543</b>	<b>11,181</b>	<b>(1,095,225)</b>		<b>(1,095,225)</b>
<b>Total</b>	<b>\$21,827,522</b>	<b>\$3,837,572</b>	<b>\$3,682,682</b>	<b>\$6,056,744</b>	<b>(7,155,299)</b>		<b>(8,250,524)</b>
<b>General revenues:</b>							
<b>Taxes:</b>							
Sales and use					4,630,566		4,630,566
Ad valorem taxes levied for general purposes					1,739,838		1,739,838
Ad valorem taxes levied for debt service					282,649		282,649
Severance taxes					750,201		750,201
Other taxes, penalties, & interest, etc.					66,486		66,486
Royalty road funds					5,818,134		5,818,134
Occupational licenses					255,795		255,795
State shared revenue					405,843		405,843
Special assessments					91,228		91,228
Investment earnings & interest					389,576	21,021	410,597
<b>Transfers:</b>							
Operating					(903,102)	903,102	
Capital					(206,635)	206,635	
<b>Total general revenues and transfers</b>					<b>13,320,579</b>	<b>1,130,758</b>	<b>14,451,337</b>
<b>Change in net assets</b>					<b>6,165,280</b>	<b>35,533</b>	<b>6,200,813</b>
<b>Net assets - beginning of year</b>					<b>14,020,294</b>	<b>3,812,334</b>	<b>17,832,628</b>
<b>Net assets - end of year</b>					<b>\$20,185,574</b>	<b>\$3,847,867</b>	<b>\$24,033,441</b>

The accompanying notes are an integral part of these financial statements.

ST. MARY PARISH COUNCIL

Balance Sheet  
Governmental Funds  
December 31, 2003

	ASSETS						Total Governmental Funds
	General Fund	Road Construction & Maintenance Fund	Sanitation Fund	Capital Improvement Fund	Amelia & Vicinity Fund	Wards 5 & 8 Sewer Project Fund	
Cash and cash equivalents		\$436,206	\$652,313	\$1,037,337			\$5,693,066
Investments		63,867	3,127,360	396,721			8,021,125
Receivables (net of allowances for uncollectibles)	\$35,634	18,857		137,710			579,772
Due from component units	28,045		85,395	142,130	\$96,869		735,349
Due from other governments	2,379,704	1,274,297	343,317	593,496			5,884,925
Due from other funds	50,000			1,709,808	11,332	\$22,704	313,812
Advance to other funds		847,000	958,000				4,784,491
Total assets	\$2,493,383	\$2,640,227	\$5,166,385	\$4,017,202	\$108,201	\$22,704	\$26,012,540

LIABILITIES AND FUND BALANCES

Liabilities							
Accounts payable	\$133,118	\$214,659	\$9,394	\$639			\$564,626
Contracts payable	27,659	21,991	142,502	567,686		\$22,704	869,635
Retainage payable				214,109			219,109
Accrued liabilities	178,391	36,785					215,424
Deferred revenue	18,000						289,296
Due to component units							40,093
Due to other governments			76,312				125,000
Due to other funds	876,803		622,601				313,812
Advance from other funds			850,809		\$1,142,020	1,525,787	5,125,941
Total liabilities	1,233,971	273,435	850,809	782,434	1,142,020	1,548,491	7,762,936

Fund balances (deficit)

Fund balances (deficits)							
Reserved for non-current portion of receivables		18,857	958,000	142,130			1,579,523
Reserved for debt service							2,372,133
Unreserved - undesignated, reported in General fund	1,259,412						1,259,412
Special revenue funds		2,347,935	3,357,576				7,029,444
Debt service funds							2,030,510
Capital projects funds				3,092,638	(1,033,819)	(1,525,787)	3,978,582
Total fund balances (deficit)	1,259,412	2,366,792	4,315,576	3,234,768	(1,033,819)	(1,525,787)	18,249,604
Total liabilities and fund balances	\$2,493,383	\$2,640,227	\$5,166,385	\$4,017,202	\$108,201	\$22,704	\$26,012,540

The accompanying notes are an integral part of these financial statements.

**ST. MARY PARISH COUNCIL**

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets  
December 31, 2003

Reconciliation of the total fund balance -- total governmental funds  
to the net assets of governmental activities:

Total fund balance - Governmental Funds		\$18,249,604
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet.		23,020,055
Interest payable on long-term debt does not require current financial resources, and, therefore, interest payable is not reported as a liability in the governmental funds balance sheet.		(385,394)
Noncurrent liabilities are not due and payable in the current period and, therefore, they are not reported in the governmental funds balance sheet:		
Current portion of long-term debt	\$2,094,622	
Noncurrent portion of long-term debt	18,448,789	
Compensated absences	155,280	(20,698,691)
		<u>(20,698,691)</u>
Net assets of governmental activities		<u><u>\$20,185,574</u></u>

**ST. MARY PARISH COUNCIL**

Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ending December 31, 2003

	General Fund	Road Construction & Maintenance Fund	Sanitation Fund	Capital Improvement Fund	Amelia & Vicinity Fund	Wards 5 & 8 Sewer Project Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>								
Taxes								
Sales and use			\$2,018,044				\$2,612,522	\$4,630,566
Ad Valorem	\$1,739,838						282,649	2,022,487
Other taxes, penalties, & interests, etc.	66,486							66,486
Intergovernmental revenues								
Federal grants	169,789	\$32,613		\$1,004,272			654,726	1,861,400
State funds								
State grants	2,031,408			2,613,554			366,099	5,011,061
State revenue sharing	533,642							533,642
Royalty road funds		5,818,134						5,818,134
Parish road transportation funds		404,545						404,545
Rural development - Parish Road		31,585						31,585
Severance taxes	750,201							750,201
Local								
Criminal court fund	2,311						533,221	632,401
Chitimacha tribal grant	26,257				96,869			26,257
Special assessments							1,500,000	1,500,000
Licenses & Permits	299,976						91,228	91,228
Fees, Charges, & Commission	277,226		588,536				22,526	322,502
Mosquito Abatement	245,913						521,319	1,387,081
Investment earnings & interest	127,961	35,269	33,617	39,885			152,844	245,913
Other revenues	28,673		2,238					389,576
Total revenues	6,299,681	6,322,146	2,642,435	3,657,711	96,869	--	6,737,134	25,755,976
<b>EXPENDITURES</b>								
Current:								
General government	3,532,104			10,110			137,231	3,679,445
Public safety	456,995		291,725	40,308			1,827,973	2,617,001
Public works	220,970	3,113,701	900,879	1,690,140		\$299,703	667,432	6,593,122
Sanitation							151,796	451,499
Culture & Recreation	867,610			72,489			611,225	1,551,324
Health & Welfare	723,834						173,072	896,906
Economic development & assistance	2,175,120						158,496	2,175,120
Capital outlay				4,328,281				4,486,777
Debt service								
Principal							2,642,841	2,642,841
Interest							1,246,127	1,246,127
Fees							43,024	43,024
Total expenditures	7,976,633	3,113,701	1,192,604	6,141,328	--	299,703	7,659,217	26,383,186

Excess (deficiency) of revenues over (under) expenditures	(1,676,952)	3,208,445	1,449,831	(2,483,617)	96,869	(299,703)	(922,083)	(627,210)
OTHER FINANCING SOURCES								
Proceeds from bonds				93,616			2,913,826	3,007,442
Payment to refunding bond escrow agent							(2,885,257)	(2,885,257)
Operating transfers in	1,640,972			1,367,431	149,600	299,703	3,144,008	6,601,714
Operating transfers out	(425,277)	(2,447,670)	(1,603,298)		(246,502)		(2,782,069)	(7,504,816)
Total other financing sources (uses)	1,215,695	(2,447,670)	(1,603,298)	1,461,047	(96,902)	299,703	390,508	(780,917)
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(461,257)	760,775	(153,467)	(1,022,570)	(33)		(531,575)	(1,408,127)
Fund balance (deficits) as previously stated	1,720,669	1,606,017	4,290,089	4,257,338	(1,033,786)	(1,525,787)	9,909,995	19,224,535
Prior period adjustment			178,954				234,242	413,196
Fund balance (deficits) as restated	1,720,669	1,606,017	4,469,043	4,257,338	(1,033,786)	(1,525,787)	10,144,237	19,637,731
Fund balance (deficits) at end of year	\$1,259,412	\$2,366,792	\$4,315,576	\$3,234,768	(\$1,033,819)	(\$1,525,787)	\$9,612,662	\$18,229,604

The accompanying notes are an integral part of these financial statements.

**ST. MARY PARISH COUNCIL**

**Reconciliation of the Statement of Revenues, Expenditures,  
and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
For the Year Ended December 31, 2003**

Reconciliation of the changes in fund balances - total governmental funds to the change in net assets of governmental activities:

Net change in fund balance - Governmental Funds (\$1,388,127)  
Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays (\$6,447,756) exceeded depreciation (\$1,029,611) in the current period. 5,418,145

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases noncurrent liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces noncurrent liabilities in the statement of net assets.

Debt issued:

Refunding public improvement bonds	(\$2,900,000)	
Special Assessment Paving Certificates	(93,616)	
Premium on refunding bonds	(13,826)	
Repayments to paying agents for principal	<u>5,528,098</u>	
Net adjustment		2,520,656

Some expenses reported in the Statement of Activities do not require the use of current financial resources; therefore, they are not reported as expenditures in governmental funds:

Interest and fiscal charges	<u>(385,394)</u>
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Change in net assets of governmental activities \$6,165,280

The accompanying notes are an integral part of these financial statements.

**ST. MARY PARISH COUNCIL**

Statement of Net Assets  
Proprietary Funds  
December 31, 2003

	Business-type Activities Enterprise Funds			<u>Total</u>
	<u>Reduction and Transfer Fund</u>	<u>Small Animal Control Fund</u>	<u>Kemper Williams Park Fund</u>	
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents	\$638,526	\$37,684	\$174,161	\$850,371
Investments	426,572			426,572
Receivables (net of allowances for uncollectibles)	160,009		83	160,092
Due from other governments		1,562		1,562
Advance to other funds	467,835			467,835
Total current assets	<u>1,692,942</u>	<u>39,246</u>	<u>174,244</u>	<u>1,906,432</u>
Property, plant, and equipment (net of accumulated depreciation)	<u>3,124,746</u>	<u>24,674</u>	<u>2,565,149</u>	<u>5,714,569</u>
Total assets	<u>\$4,817,688</u>	<u>\$63,920</u>	<u>\$2,739,393</u>	<u>\$7,621,001</u>
<b>LIABILITIES AND FUND EQUITY</b>				
Liabilities				
Current liabilities				
Accounts payable and accrued expenses	\$61,243	\$10,663	\$13,986	\$85,892
Contracts payable	15,857			15,857
Certificate of indebtedness payable	165,000			165,000
Advance from other funds			126,385	126,385
Total current liabilities	<u>242,100</u>	<u>10,663</u>	<u>140,371</u>	<u>393,134</u>
Long-term liabilities				
Landfill closure costs and post-closure care costs	<u>3,380,000</u>			<u>3,380,000</u>
Total liabilities	<u>3,622,100</u>	<u>10,663</u>	<u>140,371</u>	<u>3,773,134</u>
Net assets				
Invested in capital assets, net of related debt	2,959,746	24,674	2,565,149	5,549,569
Unrestricted	<u>(1,764,158)</u>	<u>28,583</u>	<u>33,873</u>	<u>(1,701,702)</u>
Total net assets	<u>1,195,588</u>	<u>53,257</u>	<u>2,599,022</u>	<u>3,847,867</u>
Total liabilities and net assets	<u>\$4,817,688</u>	<u>\$63,920</u>	<u>\$2,739,393</u>	<u>\$7,621,001</u>

The accompanying notes are an integral part of these financial statements.

## ST. MARY PARISH COUNCIL

### Statement of Revenues, Expenses, and Changes in Net Assets Proprietary Funds For the Year Ended December 31, 2003

	Business-type Activities Enterprise Funds			<u>Total</u>
	<u>Reduction and Transfer Fund</u>	<u>Small Animal Control Fund</u>	<u>Kemper Williams Park Fund</u>	
Operating revenues				
Solid waste disposal fees	\$1,905,007			\$1,905,007
Impound fees		\$39,456		39,456
Admission fees			\$27,518	27,518
Campsite fees			53,015	53,015
Special events			42,602	42,602
Other	1,130		42,886	44,016
	<u>1,906,137</u>	<u>39,456</u>	<u>166,021</u>	<u>2,111,614</u>
Total operating revenues				
Operating expenses				
Personal services	801,091	146,900	267,027	1,215,018
Contractual services	154,786		4,905	159,691
Supplies	54,194	5,976	18,619	78,789
Materials	363,913	6,011	4,146	374,070
Utilities	26,102	16,626	39,575	82,303
Repairs and maintenance	178,872	3,487	14,002	196,361
Landfill closure costs	220,000			220,000
Equipment and rentals	352,311	26,534	25,801	404,646
Miscellaneous	44,128	513	37,092	81,733
Depreciation	254,066	8,529	118,717	381,312
Insurance	91,784	7,629	12,725	112,138
	<u>2,541,247</u>	<u>222,205</u>	<u>542,609</u>	<u>3,306,061</u>
Total operating expenses				
Net operating income (loss)	<u>(635,110)</u>	<u>(182,749)</u>	<u>(376,588)</u>	<u>(1,194,447)</u>
Non-operating revenues				
Investment earnings	19,901	429	691	21,021
Interest expense	(20,502)			(20,502)
Gifts/donations		70	68,473	68,543
State grant	40,000		11,181	51,181
	<u>39,399</u>	<u>499</u>	<u>80,345</u>	<u>120,243</u>
Total non-operating revenues				
Income (loss) before contributions and transfers	<u>(595,711)</u>	<u>(182,250)</u>	<u>(296,243)</u>	<u>(1,074,204)</u>
Capital contributions			206,635	206,635
Operating transfers in				
General Fund		109,549	197,661	307,210
Sanitation Fund	595,892			595,892
	<u>595,892</u>	<u>109,549</u>	<u>404,296</u>	<u>1,109,737</u>
Total contributions and transfers				
Change in net assets	181	(72,701)	108,053	35,533
Net assets, beginning of year	<u>1,195,407</u>	<u>125,958</u>	<u>2,490,969</u>	<u>3,812,334</u>
Net assets, end of year	<u>\$1,195,588</u>	<u>\$53,257</u>	<u>\$2,599,022</u>	<u>\$3,847,867</u>

## ST. MARY PARISH COUNCIL

Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2003

Increase (Decrease) in Cash & Cash Equivalents

	Business-type Activities Enterprise Funds			Total
	Reduction and Transfer Fund	Small Animal Control Fund	Kemper Williams Park Fund	
<b>Cash flows from operating activities:</b>				
Cash received from charges for services	\$2,210,689	\$39,458	\$168,317	\$2,418,464
Cash payments to suppliers for goods & services	(1,285,119)	(65,593)	(155,048)	(1,505,760)
Cash payments to employees for services	(797,433)	(142,877)	(267,677)	(1,207,987)
<b>Net cash flows (deficiency) from operating activities</b>	<b>128,137</b>	<b>(169,012)</b>	<b>(254,408)</b>	<b>(295,283)</b>
<b>Cash flows from noncapital financing activities:</b>				
Interest		429	691	1,120
Contributions		70	68,473	68,543
Operating grants received	40,000		11,181	51,181
Operating transfers in from other funds	595,892	109,549	197,661	903,102
Advances to other funds	(467,835)	(294)		(468,129)
Advance to component units			8,874	8,874
<b>Net cash flows from noncapital financing activities</b>	<b>168,057</b>	<b>109,754</b>	<b>286,880</b>	<b>564,691</b>
<b>Cash flows from capital and related financial activities</b>				
Fixed asset acquisitions	(174,681)	(3,953)		(178,634)
Payments on debt	(175,502)			(175,502)
<b>Net cash flows (deficiency) from capital and related financing activities</b>	<b>(350,183)</b>	<b>(3,953)</b>	<b>--</b>	<b>(354,136)</b>
<b>Cash flows from investing activities</b>				
Investment earnings	19,901			19,901
Proceeds from sale and maturities of investments	247,834			247,834
<b>Net cash flows (deficiency) from investing activities</b>	<b>267,735</b>	<b>--</b>	<b>--</b>	<b>267,735</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>213,746</b>	<b>(63,211)</b>	<b>32,472</b>	<b>183,007</b>
Cash and cash equivalents at beginning of year	424,780	100,895	141,689	667,364
<b>Cash and cash equivalents at end of year</b>	<b>\$638,526</b>	<b>\$37,684</b>	<b>\$174,161</b>	<b>\$850,371</b>

	Business-type Activities Enterprise Funds			<u>Total</u>
	<u>Reduction and Transfer Fund</u>	<u>Small Animal Control Fund</u>	<u>Kemper Williams Park Fund</u>	
<b>Reconciliation of operating income (loss) to net cash, provided by operating activities:</b>				
Operating income (loss)	(\$635,110)	(\$182,749)	(\$376,588)	(\$1,194,447)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation and amortization	254,066	8,529	118,717	381,312
Decrease (increase) in accounts receivable	102,372		2,296	104,668
Decrease (increase) in due from other governments	202,181			202,181
Increase (decrease) in accounts payable and accrued expenses	(15,372)	5,208	1,167	(8,997)
Landfill closure costs	220,000			220,000
<b>Total adjustments</b>	<u>763,247</u>	<u>13,737</u>	<u>122,180</u>	<u>899,164</u>
<b>Net cash provided by (used for) operating activities</b>	<u>\$128,137</u>	<u>(\$169,012)</u>	<u>(\$254,408)</u>	<u>(\$295,283)</u>
<b>Noncash investing, capital, and financing activities:</b>				
Contributions of capital assets from government			<u>\$206,635</u>	<u>\$206,635</u>

The accompanying notes are an integral part of these financial statements.

ST. MARY PARISH COUNCIL

Budgetary Comparison Schedule  
General Fund  
For the Year Ended December 31, 2003

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
<b>Taxes</b>				
Ad Valorem	\$1,510,000	\$1,734,870	\$1,739,838	\$4,968
Other taxes, penalties, & interests, etc.	64,875	71,323	66,486	(4,837)
<b>Intergovernmental revenues</b>				
Federal grants	15,265	235,016	169,789	(65,227)
<b>State funds</b>				
State grants		2,109,256	2,031,408	(77,848)
State revenue sharing	440,391	541,357	533,642	(7,715)
Severance taxes	750,500	750,180	750,201	21
Local grants	5,000	3,750	2,311	(1,439)
Criminal court fund	14,000	24,327	26,257	1,930
Licenses & Permits	297,250	299,296	299,976	680
Fees, Charges, & Commission	267,932	282,381	277,226	(5,155)
Mosquito Abatement		225,183	245,913	20,730
Investment earnings & interest	110,286	130,042	127,961	(2,081)
Other revenues			28,673	28,673
<b>Total revenues</b>	<u>3,475,499</u>	<u>6,406,981</u>	<u>6,299,681</u>	<u>(107,300)</u>
<b>EXPENDITURES</b>				
<b>Current</b>				
<b>General government</b>				
Legislative	328,547	352,742	330,598	22,144
Judicial	729,891	680,719	692,676	(11,957)
Executive	154,573	157,758	150,855	6,903
Elections	101,740	198,019	135,664	62,355
Finance and administrative	530,284	542,558	536,580	5,978
Courthouse	1,032,028	1,067,427	1,053,500	13,927
Other	562,408	611,081	632,231	(21,150)
Public safety	367,685	472,820	456,995	15,825
Public works		8,430	8,430	
Culture & Recreation	685,228	925,285	867,610	57,675
Health & Welfare	368,075	426,943	425,383	1,560
Economic development & assistance	157,208	2,280,859	2,175,120	105,739
Mosquito abatement		280,938	298,451	(17,513)
Airport operations	243,548	266,949	212,540	54,409
<b>Total expenditures</b>	<u>5,261,215</u>	<u>8,272,528</u>	<u>7,976,633</u>	<u>295,895</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,785,716)</u>	<u>(1,865,547)</u>	<u>(1,676,952)</u>	<u>188,595</u>
<b>OTHER FINANCING SOURCES</b>				
<b>Operating transfers in</b>				
Road Construction and Maintenance Fund	650,502	949,731	949,731	
Sales Tax Bond Sinking Fund	850,000	691,241	691,241	
<b>Operating transfers out</b>				
Small Animal Control Fund	(130,367)	(109,549)	(109,549)	
Jail Operating & Maintenance Fund	(239,395)	(31,792)	(31,792)	
Kemper Williams Park Fund	(197,661)	(197,661)	(197,661)	
Wards 1, 2, 3, 4, 7, & 10 Sales Tax Fund		(86,275)	(86,275)	
Certificates of Indebtedness Sinking Fund				
<b>Total other financing sources (uses)</b>	<u>933,079</u>	<u>1,215,695</u>	<u>1,215,695</u>	<u>--</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	<u>(852,637)</u>	<u>(649,852)</u>	<u>(461,257)</u>	<u>188,595</u>
Fund balance at beginning of year	<u>1,311,517</u>	<u>1,720,341</u>	<u>1,720,669</u>	<u>328</u>
Fund balance (deficits) at end of year	<u>\$458,880</u>	<u>\$1,070,489</u>	<u>\$1,259,412</u>	<u>\$188,923</u>

ST. MARY PARISH COUNCIL

Budgetary Comparison Schedule  
Road Construction & Maintenance Fund  
For the Year Ended December 31, 2003

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Intergovernmental revenues				
Federal grants		\$134,939	\$32,613	(\$102,326)
State funds				
Royalty road funds	\$3,250,000	5,607,999	5,818,134	210,135
Parish road transportation funds	400,000	400,000	404,545	4,545
Rural development - Lake Palourde		20,000		(20,000)
Rural development - Parish Road			31,585	31,585
Investment earnings & interest	93,000	37,689	35,269	(2,420)
Total revenues	<u>3,743,000</u>	<u>6,200,627</u>	<u>6,322,146</u>	<u>121,519</u>
<b>EXPENDITURES</b>				
Current:				
Public works				
Highways/streets and roads	2,544,893	2,767,179	2,555,482	211,697
Road supervisor	46,724	55,262	55,825	(563)
Municipal - highways, streets, and roads	100,000	100,000	100,000	
Bridges	323,034	285,320	247,653	37,667
Avoca ferry	158,630	168,282	154,741	13,541
Total expenditures	<u>3,173,281</u>	<u>3,376,043</u>	<u>3,113,701</u>	<u>262,342</u>
Excess (deficiency) of revenues over (under) expenditures	<u>569,719</u>	<u>2,824,584</u>	<u>3,208,445</u>	<u>383,861</u>
<b>OTHER FINANCING SOURCES</b>				
Operating transfers out				
General Fund	(650,502)	(949,731)	(949,731)	
Certificates of Indebtedness Sinking Fund	(503,600)	(591,183)	(591,808)	(625)
Capital Improvement Fund		(906,131)	(906,131)	
Total other financing sources (uses)	<u>(1,154,102)</u>	<u>(2,447,045)</u>	<u>(2,447,670)</u>	<u>(625)</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	<u>(584,383)</u>	<u>377,539</u>	<u>760,775</u>	<u>383,236</u>
Fund balance (deficits) at beginning of year	<u>602,215</u>	<u>1,606,017</u>	<u>1,606,017</u>	
Fund balance (deficits) at end of year	<u>\$17,832</u>	<u>\$1,983,556</u>	<u>\$2,366,792</u>	<u>\$383,236</u>

ST. MARY PARISH COUNCIL

Budgetary Comparison Schedule  
Sanitation Fund  
For the Year Ended December 31, 2003

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Taxes				
Sales and use	\$1,900,000	\$2,030,000	\$2,018,044	(\$11,956)
Fees, Charges, & Commission	605,273	583,273	588,536	5,263
Investment earnings & interest	109,000	54,400	33,617	(20,783)
Other revenues			2,238	2,238
Total revenues	<u>2,614,273</u>	<u>2,667,673</u>	<u>2,642,435</u>	<u>(25,238)</u>
<b>EXPENDITURES</b>				
Current:				
General government	175	175		175
Public safety	195,275	295,481	291,725	3,756
Public works	875,250	899,641	900,879	(1,238)
Total expenditures	<u>1,070,700</u>	<u>1,195,297</u>	<u>1,192,604</u>	<u>2,693</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,543,573</u>	<u>1,472,376</u>	<u>1,449,831</u>	<u>(27,931)</u>
<b>OTHER FINANCING SOURCES</b>				
Operating transfers out				
Amelia & Vicinity Fund	(141,075)	(150,728)	(149,600)	1,128
Franklin & Vicinity Fund	(237,310)	(253,547)	(251,650)	1,897
Cypremort Point & Vicinity Fund	(255,360)	(272,832)	(270,791)	2,041
Wards 5 & 8 Fund	(282,625)	(301,962)	(299,703)	2,259
Morgan City & Vicinity Fund	(33,630)	(35,931)	(35,662)	269
Reduction and Transfer Fund	(1,054,091)	(595,892)	(595,892)	
Total other financing sources (uses)	<u>(2,004,091)</u>	<u>(1,610,892)</u>	<u>(1,603,298)</u>	<u>7,594</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	<u>(460,518)</u>	<u>(138,516)</u>	<u>(153,467)</u>	<u>(20,337)</u>
Fund balance (deficits) as previously stated	4,174,644	4,290,089	4,290,089	
Prior period adjustment			178,954	178,954
Fund balance (deficits) as restated	<u>4,174,644</u>	<u>4,290,089</u>	<u>4,469,043</u>	<u>178,954</u>
Fund balance (deficits) at end of year	<u>\$3,714,126</u>	<u>\$4,151,573</u>	<u>\$4,315,576</u>	<u>\$158,617</u>

ST. MARY PARISH COUNCIL

Notes to the Financial Statements  
December 31, 2003

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

On July 16, 1983, the voters of the parish approved a change in the form of parish government from the police jury form of government to the parish council system. The newly elected parish council was seated on November 26, 1984. The St. Mary Parish Council is the governing authority for St. Mary Parish. The parish council consists of eleven members, eight of whom are elected from single-member districts and three elected at large. The parish president, elected by the voters of the parish, is the chief executive officer of the parish and is responsible for carrying out the policies adopted by the parish council and for exercising such general executive authority as authorized by the charter.

The Council, under the provisions of Louisiana Revised Statutes, enacts ordinances, sets policy and establishes programs in such fields as social welfare, transportation, drainage, industrial inducement and health services.

The financial statements of the St. Mary Parish Council have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Council's accounting policies are described below.

The Council implemented GASB Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions and GASB Statement No. 34, Basic Financial Statements -- and Management's Discussion and Analysis -- for State and Local Governments during the year ended December 31, 2003. Significant changes required by these Statements include a Management's Discussion and Analysis (MD & A) section providing an analysis of the Council's overall financial position and results of operations, the preparation of the financial statements using full accrual accounting for all of the Council's activities (Government-wide Financial Statements), a change in the method for reporting nonexchange transactions and the reporting of infrastructure assets. The major change under full accrual accounting includes reporting fixed assets (net of accumulated depreciation) and long-term liabilities in the Government-wide Financial Statements. The Council has elected to implement the provisions of the Statements in the current year except for the reporting of infrastructure. The Council plans to retroactively report infrastructure assets (acquired prior to January 1, 2003) in the fiscal year ending December 31, 2007. These changes are reflected in the accompanying financial statements (including notes to the financial statements).

The Council has not presented an MD & A that GASB has determined is necessary to supplement, although not required to be part of, the basic financial statements of the Council's primary government.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The following is a summary of the significant accounting policies used in preparing the financial statements:

A. Reporting Entity

The GASB has established several criteria for determining the governmental reporting entity. The reporting entity for St. Mary Parish should include the St. Mary Parish Council, which as governing authority of the parish is the primary government, and other governmental entities within the parish for which the Council has financial accountability. Financial accountability is determined by the Council, on the basis of applying the following criteria from those established by the GASB:

1. Financial benefit or burden
2. Appointment of a voting majority
3. Imposition of will
4. Fiscally dependent

The GASB requires that certain other organizations be included in the reporting entity although the primary government is not financially accountable if exclusion from the financial statements would render the reporting entity's financial statements incomplete or misleading.

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

<u>Component Unit</u>	<u>Fiscal Year End</u>	<u>Criteria Used</u>
St. Mary Parish Water & Sewer Comm. No. 1	December 31	2, 3
St. Mary Parish Water & Sewer Comm. No. 2	September 30	2,3
St. Mary Parish Water and Sewer Comm. No. 5	September 30	2, 3
St. Mary Parish Library	December 31	2, 3
Hospital Service District:		
No. 1	September 30	2, 3
No. 2	September 30	2, 3
No. 3	September 30	2, 3
Fairview Treatment Center	June 30	1, 3
Claire House	June 30	1, 3
Waterworks District:		
No. 5	September 30	2, 3
No. 6	September 30	2, 3

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

<u>Component Unit</u>	<u>Fiscal Year End</u>	<u>Criteria Used</u>
Sewerage District:		
No. 5	September 30	2. 3
No. 7	September 30	1. 2. 3
No. 8	September 30	2. 3
No. 9	September 30	1. 2. 3
No. 11	September 30	1. 2. 3
Wards 5 & 8 Joint Sewer Comm.	September 30	2. 3
Consolidated Gravity Drainage District No. 1	September 30	2. 3
Consolidated Gravity Drainage District No. 2	September 30	2. 3, 4
Gravity Drainage District No. 6	September 30	2. 3
Wax Lake East Drainage District	September 30	2. 3
Sub Gravity Drainage District No.1 of Gravity Drainage District No.2	September 30	2. 3
Cajun Coast Visitors and Convention Bureau	September 30	2. 3
St. Mary Parish Sales and Use Tax Dept.	December 31	1. 3. 4
Recreation District:		
No. 1	September 30	2. 3
No. 2	September 30	1. 2. 3, 4
No. 3	September 30	2. 3
No. 4	September 30	2. 3
No. 5	September 30	2. 3
Fire Protection District:		
No. 1	December 31	2. 3
No. 2	September 30	1. 2. 3
No. 3	September 30	1. 2. 3
No. 11	September 30	2. 3
No. 12	September 30	2. 3
Mosquito Control District No. 1	December 31	1. 2. 3
Communications District (911)	December 31	2. 3. 4
St. Mary Parish Housing Program	September 30	1. 3. 4
St. Mary Parish Assessor	December 31	4
St. Mary Parish Clerk of Court	June 30	1. 4
Industrial Development Board Of the Parish of St. Mary, Louisiana, Inc.	December 31	2. 3. 4

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The GASB provides for the issuance of primary government financial statements which are separate from those of the reporting entity. However, a primary government's financial statements are not a substitute for the reporting entity's financial statements. The Council has chosen to issue financial statements of the primary government only. As such, the accompanying financial statements are not intended to and do not report in accordance with generally accepted accounting principles. Audit reports for component units can be obtained from the administrative offices of each component and from the Clerk of the Parish Council.

The parish school board, the St. Mary Parish Sheriff, and the municipal level governments, are excluded from the accompanying financial statements as they are considered autonomous governments. These units of government issue financial statements separate from that of the Council. Also in accordance with GASB, the St. Mary Community Action Committee Association, Inc. (CAA) and the West St. Mary Parish Port, Harbor, and Terminal District (Port) are considered to be related organizations of the St. Mary Parish Council, primary government. Several different primary governments or other bodies appoint members to the board of the Port and CAA but none are considered to be financially accountable because they do not impose their will or have a financial benefit or burden relationship with the Port or CAA.

### B. Basic Financial Statements - Government-wide Financial Statements

The government-wide financial statements include the Statement of Net Assets and the Statement of Activities which report all activities of the Council as a whole (the Council does not conduct fiduciary activities). The government-wide presentation focuses primarily on the sustainability of the Council as an entity and the change in the Council's net assets resulting from the current year's activities. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities* generally are financed through taxes, intergovernmental revenues and other nonexchange revenues, are reported separately from *business type activities*, which rely to a significant extent on fees and charges for support.

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

In accordance with GASB No. 34 this is the first year that Government-wide Financial Statements are presented.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### C. Basic Financial Statements - Fund Financial Statements

The financial transactions of the Council are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues, and expenditures.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types." The following is a description of the funds utilized by the Council.

#### GOVERNMENTAL FUNDS

##### General Fund

The General Fund is the primary operating fund of the Council. It is used to account for all financial resources, except those required to be accounted for in other funds. The Council reports the General Fund as a major fund.

##### Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources that are earmarked for expenditures for specified purposes.

The Council reports two special revenue funds as major funds as follows:

##### ROAD CONSTRUCTION AND MAINTENANCE FUND

The Road Construction and Maintenance Fund accounts for the maintenance and upkeep of the parish road system. Major financing is provided by the State of Louisiana Parish Transportation Funds and Royalty Road funds. Use of transportation funds is restricted by Louisiana Revised Statutes.

##### SANITATION FUND

The Sanitation Fund accounts for the disposal and treatment of solid waste and sewerage for the Parish. Major financing is from the three-fourths percent sales tax. The expenditures are restricted by the three-fourths percent sales tax ordinance.

##### Debt Service Funds

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest and related costs.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Projects Funds

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

The Council reports the three following capital project funds as major funds:

CAPITAL IMPROVEMENT FUND

The Capital Improvement Fund accounts for ongoing capital projects, other than major sewerage, major road, or jail construction related projects, funded either by federal, state, or local funds.

AMELIA AND VICINITY FUND

The Amelia and Vicinity Sewer Construction Fund was used to account for the financing, acquiring and construction of sewerage disposal systems within the Amelia and Vicinity area.

WARDS 5 & 8 SEWER PROJECT FUND

The Wards 5 & 8 Sewer Project Fund was used to account for the financing, acquiring and construction of sewerage disposal systems within the Wards 5 & 8 area of the Parish.

PROPRIETARY FUND

Enterprise Funds

Enterprise funds are used to account for activities of providing goods and services to outside parties similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration.

The Council reports two of its three proprietary funds as major funds:

REDUCTION AND TRANSFER FUND

The Reduction and Transfer Fund accounts for the operation of the parish solid waste disposal plant. All garbage and trash in the western portion area of the parish is collected at the reduction station in Berwick. All garbage and trash in the eastern portion of the parish is first collected at the transfer station in Franklin and then transferred to the Berwick reduction station for disposal.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

KEMPER WILLIAMS PARK FUND

The Kemper Williams Park Fund accounts for the operations of Kemper Williams Park, a recreational facility available for parish residents. The facility charges its patrons for admission to the park which consists of picnic grounds, campsites, athletic fields, a jogging trail, a driving range, and tennis courts.

Because the Council only has one remaining proprietary fund it is presented in the basic financial statements, even though the Council considers it to be a nonmajor fund.

SMALL ANIMAL CONTROL FUND

The Small Animal Control Fund accounts for the operation of a small animal pound. This fund was established for the collection, housing, and disposal of small stray animals within St. Mary Parish and is funded by the parish, cities, and public of St. Mary Parish.

D. Basis of Accounting

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

Government-wide Statements and Proprietary Fund Financial Statements

The government-wide statements and the proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and all liabilities (whether current or noncurrent) are included in determining financial position. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Council has elected not to follow subsequent private-sector guidance.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Financial Statements

Governmental fund financial statements are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. 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.

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 can be determined. Available means collectible within the current period or soon enough thereafter to pay current liabilities (the Council uses a sixty day period after year end).

E. Revenues

The following is a summary of the Council's recognition policies for its major revenue sources:

Sales tax revenues are recorded when the sales tax is earned, regardless of when they are collected by the St. Mary Parish Council's sales tax department.

Ad valorem taxes and the related State Revenue Sharing (which are based on population and homesteads in the Parish) are recorded in the year the taxes are assessed.

Federal and State aid and grants are recorded when the Council has met the requirements of the grant and is entitled to receive the funds.

Investment earnings are generally recorded when earned.

Substantially all other revenues are recorded when they become available to the Council.

The Council reports deferred revenue in its fund financial statements. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

### F. Expenses/Expenditures

The government-wide and proprietary fund financial statements recognize expenses under the accrual basis of accounting and records the related liability at the time the expense is incurred.

In the governmental fund financial statements, expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except principal and interest on long-term debt which is not recognized until due.

### G. Budgets

The Council follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Ninety days prior to the beginning of each fiscal year, the Parish President presents to the Council the annual operating budget which was prepared by the Director of Finance under the direction of the Chief Administrative Officer.
2. The Council then orders a public hearing, notice of which, along with a summary of the budget, will be published ten days prior to the date of the hearing in the official journal of the Council.
3. No later than the second to last regular meeting of the fiscal year, the Council enacts an ordinance to adopt the annual operating budget for the ensuing fiscal year. The Council may adjust the budget as proposed by the Parish President or amend it, as they see fit, by a vote of the majority of the Council.
4. The Parish President may accept or veto the entire budget as approved by the Council or he may line item veto certain appropriations.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

5. Should the Council and Parish President be unable to adopt a budget prior to the beginning of the year, then fifty percent of the prior year's budget shall be appropriated for the upcoming year; until such time as a new budget is properly enacted.
6. The Director of Finance, under the direction of the Chief Administrative Officer, has the authority to alter, and must approve all changes in budgeted amounts within function lines. However, budget adjustments that cross function lines require approval of the Council.
7. Formal budgetary integration is employed as a management control device during the year.
8. The General Fund and all major Special Revenue Funds have adopted budgets, the following nonmajor special revenue funds have not adopted annual budgets.

Gaming Receipt Fund  
Re-entry Drug Court Fund  
Local Law Enforcement Block Grant #2 Fund  
OJP Juvenile Drug Court Fund  
Juvenile Incentive Block Grant Fund

9. Budget appropriations lapse at year end.
10. In the financial statement comparison of the budget to actual amounts, both the original and final amended budget amounts are shown.

H. Cash and Cash Equivalents

*For financial statement purposes, cash and cash equivalents include cash on hand, demand deposits, and short term investments with original maturities of less than three months.*

Cash and cash equivalents are stated at cost, which approximates fair value.

Certain short-term interest bearing cash accounts are maintained on a pooled basis, interest revenue or expense is allocated to each participating fund based upon its pro rata share of the total pooled account balance.

I. Investments

Approximately sixty-nine percent of the Council's investments are in the Louisiana Asset Management Pool, Inc. (LAMP) an external investment fund which operates in a manner consistent with the SEC's Rule 2A7. In accordance with GASB this type of investment is valued by the Council at amortized cost.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Council's remaining investments consist of federal government securities which the Council values at fair value in accordance with GASB.

J. Receivables

Receivables are stated at net realizable value after provision for estimated uncollectible accounts.

K. Fixed Assets

The accounting treatment over property, plant, equipment (fixed assets) depends on whether they are reported in the government-wide, proprietary fund, or governmental fund financial statements.

Government-wide Statements and Proprietary Fund

In the government-wide and proprietary fund financial statements, fixed assets are accounted for as capital assets. All purchased fixed assets are valued at historical cost. Donated fixed assets are valued at their estimated fair market value on the date received. Fixed assets are reported at their historical cost or estimated fair market value less their accumulated depreciation. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation is computed using the straight-line method based on the estimated useful life of the various assets. The following is a summary of estimated useful lives by classification of the fixed assets:

<u>Category</u>	<u>Years</u>
Buildings	25-40
Equipment and furniture	5-15
Improvements	20-30

GASB No. 34 requires that in the initial year of implementation, accumulated depreciation on fixed assets be recorded retroactively since their acquisition. Due to this change, the value of fixed assets was reduced by approximately \$8,500,000 at the beginning of the year.

Fund Financial Statements

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L. Long-term obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Significant bond premiums and discounts, as well as significant issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount, if significant. Significant bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

M. Compensated Absences

Employees earn vacation and sick leave annually at varying rates depending upon length of service. These compensated absences are allowed to accumulate from period to period if not used.

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

An accrual is made for the amount of compensation the employees will receive in the future based upon services performed in the current year for vacation time not used. An accrual is also made for accumulated sick time estimated to be paid to employees at retirement. The portion of this accumulated sick pay estimated to be paid to employees retiring within the next year is recorded as a liability within the fund to which the particular employees' salary is allocated. The liability for the portion of this accumulated sick pay, totals approximately \$155,000.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Council's compensated absences, by fund, are approximately as follows:

Accrued vacation time-

Major funds	
General Fund	\$44,000
Road Construction and Maintenance Fund	25,000
Reduction and Transfer Fund	13,000
Kemper Williams Park Fund	3,000
Non-major governmental funds	
Small Animal Control Fund	4,000

The entire compensated absence liability is reported on the government-wide financial statements. For governmental funds financial statements, the current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. The noncurrent portion of the liability is not reported.

N. Equity Classifications

Government-wide Statements and Proprietary Fund Statements

Equity is classified as net assets and displayed in the three components:

- a) Invested in capital assets, net of related debt - Consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of bonds that are attributable to the acquisition, construction, or improvement of those assets.
- b) Restricted net assets - Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributions, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c) Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt"

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Financial Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved. Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use.

O. Interfund Transfers

Permanent reallocations of resources between funds of the Council are classified as interfund transfers. For the purpose of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

NOTE 2 - CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF PRIOR YEAR FUND BALANCES

As stated in Note 1, the Council changed its method of accounting because of the implementation of GASB Statements 33 and 34. Statement 33 requires that nonexchange transactions (transactions in which the government gives [or receives] value without directly receiving [or giving] equal value in return) be recorded at the time the underlying exchange transaction occurs - for example, at the time a retail sale takes place.

Adjustments necessary to record sales and use tax revenue accruals at the beginning of the year are reported as prior-period adjustments in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances as a result of implementing the revenue recognition requirements of GASB Statement No. 33 on nonexchange transactions as follows:

Major Governmental Funds:

Sanitation Fund \$178,954

Non-major Governmental Funds:

Wards 5 & 8 Sales Tax Fund 22,426

Wards 1,2,3,4,7, & 10 Sales Tax Fund 27,045

Jail Operating & Maintenance Fund 59,592

Sales Tax Bonding Sinking Fund 125,179

\$413,196

### NOTE 3 - FUND DEFICITS

The following individual funds of the Council had deficit fund balances at December 31, 2003:

<u>Fund</u>	<u>Deficit Amount</u>
Major Funds:	
Amelia and Vicinity	\$(1,033,819)
Wards 5 & 8	(1,525,787)
Non-major Funds:	
Spine Road Construction Fund	(7,780)
Re-entry Drug Court Fund	(10,234)

In December 1973, the voters of St. Mary Parish approved a three-quarter per cent sales tax (Sales Tax) in order to fund construction and operation of liquid and solid waste facilities. The Council receives the portion of the sales tax for the unincorporated areas of the Parish. In June of 1982, the St. Mary Parish Police Jury (Police Jury, the forerunner of the Council) earmarked these funds to be equally divided between liquid waste and solid waste expenditures. The half earmarked for liquid waste was further allocated to five geographic regions within the non-incorporated areas of the parish based upon population in these areas.

The construction of the liquid waste treatment facilities were to be funded by a combination of 75% federal grants and 25% local matching funds. The Police Jury planned to issue bonds secured by the proceeds of the sales tax in order to provide its 25% of the project costs. The Police Jury decided to construct the first two facilities in the most densely populated areas of the Parish, Amelia and Wards 5 & 8. The Police Jury originally planned to issue additional debt in future years to construct sewerage facilities in the remaining areas.

Subsequent to the development of the plan to construct these facilities but prior to actual start of construction, the Federal government ceased funding most local sewerage projects. This left the Police Jury with the full burden of financing these facilities. The Police Jury then issued bonds to finance 100% of the facility construction costs in these two areas.

NOTE 3 - FUND DEFICITS (continued)

Due to a downturn in the economy, the sales tax collections declined from the amounts originally estimated to be collected. While the overall sales tax collected has been sufficient to pay the bonded indebtedness, the portion of the sales tax proceeds originally allocated to the two areas proved insufficient to fund the debt payments allocated to the two areas.

The excess of monies required, to fund the debt attributable to the sewerage projects in these two areas over the proceeds of the tax allocated to these areas, have resulted in the accumulation of substantial deficient fund balances and substantial payable balances to other funds in both these funds.

Failure to either develop new funding sources or to reallocate existing funding or combine certain existing fund operations could result in these two funds being unable to continue to operate and repay their obligations to other funds.

The Council has entered into agreements with Sewer District #2 and Sewer District #8 to provide additional funding relating to the debt of Wards 5 & 8 which will fully fund any future debt needs for that fund. The Council has entered into agreements with St. Mary Parish Water and Sewer Commission No.1 to provide additional funding for the Amelia & Vicinity debt, which will fully fund any future debt needs for that fund.

The deficits in the Spine Road Construction Fund and the Re-entry Drug Court Fund will be made up by revenues from next year.

NOTE 4 - EXPENDITURES - EXCESS OF ACTUAL OVER APPROPRIATED

Actual expenditures exceeded appropriated expenditures by significant amounts in the following funds for 2003:

<u>Fund</u>	<u>Actual</u>	<u>Budget</u>	<u>Unfavorable Variance</u>
Special Revenue Funds:			
Jail Operating & Maintenance	\$891,741	\$852,905	\$38,836

## NOTE 5 - TAXES

### Sales Taxes

The Council administers a Sales Tax Department that is responsible for the collection and distribution of various sales and use taxes levied within the parish. The Department has agreements with the Council, the school board and various municipalities, whereby they agree to reimburse the Department for the cost of collections of the taxes.

The proceeds from the one per cent sales and use tax received by the Council are used for construction and maintenance of roads, construction and maintenance of navigation channels, and water and flood control projects, acquiring and improving public works and buildings, supplementing salaries of all parish employees, operation of recreational facilities, acquisition, maintenance and repair of vehicles and machinery, and funding bonds. The proceeds of the tax are deposited in the Sales Tax Bond Sinking Debt Service Fund.

The proceeds from the three-fourths of one per cent sales and use tax received by the Council are used for construction, acquisition, extension, improvement, operation and maintenance of solid waste collection and disposal facilities, sewers and sewerage disposal works, facilities for pollution control and abatement, and funding bonds issued for these purposes. The proceeds of the tax are deposited in the Sanitation Special Revenue Fund.

The proceeds from the three-tenths of one per cent sales and use tax received by the Council are used within Wards 1, 2, 3, 4, 5, 7, 8, and 10 of the parish for acquiring and maintaining electric lights on streets, roads, alleys and public places, acquiring, improving and extending public works, including drainage and water control extensions, acquiring, constructing, improving and maintaining fire protection facilities, public safety facilities and equipment, recreational facilities, and public health facilities and equipment. The proceeds of the tax are deposited in the Wards 5 and 8 Special Revenue Fund and in the Wards 1, 2, 3, 4, 7, and 10 Special Revenue Fund.

The proceeds from the one-half of one percent sales and use tax received by the Council are used solely for the purposes of paying the cost of operating and maintaining jail facilities and minimum security facilities of the Parish, including the cost of feeding, transporting and clothing prisoners and providing medical care. The proceeds of the tax are deposited in the Jail Operating and Maintenance Special Revenue Fund.

### Chain Store Tax

Proceeds from a chain store tax received by the Council are deposited in the General Fund and are used for general operations of the Council.

NOTE 5 - TAXES (continued)

Ad Valorem Taxes

Ad valorem taxes are assessed on a calendar year basis in September or October of each year. The taxes become due and payable by December 31 and become delinquent on January 1. Notices regarding seizures are sent out in April with the seizure date being May 1. The taxes are collected on behalf of the Council by the Sheriff and then remitted to the Council. Most ad valorem taxes are received by the Council in December, January and February.

NOTE 6 - CASH AND CASH EQUIVALENTS

The Council may deposit funds with 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 Council may also invest in time deposits or certificates of deposit of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the bank. These pledged securities are held in the name of the pledging bank in a custodial bank that is mutually acceptable to the parties involved.

Under the provision of the GASB codification, accounts secured by pledged securities, which are not in the name of the governmental unit, are considered uncollateralized.

The following is a summary of the cash and cash equivalents and the related federal deposit insurance and related pledged securities as of December 31, 2003:

Cash and cash equivalents - stated value	<u>\$6,543,437</u>
Cash and cash equivalents - bank balance	\$7,301,206
Portion insured by federal deposit insurance	700,000
Collateralized by securities in the Council's name held by the Council or third parties	<u>NONE</u>
Balance uninsured and uncollateralized under GASB codification	6,601,206
Portion of deposits secured under Louisiana law	<u>6,601,206</u>
Amount unsecured under Louisiana law	<u>NONE</u>

## NOTE 7 - INVESTMENTS

Under state law, the Council may invest in certain federally guaranteed securities, certain bank time certificates of deposit, certain high-grade corporate commercial paper, and in the Louisiana Asset Management Pool (LAMP).

LAMP is an external investment pool operated to allow local governments to pool their investment funds. LAMP is not registered with the SEC as an investment company. LAMP is subject to regulatory oversight of the Louisiana State Treasurer and the LAMP board of directors. The Council's investments in the pool are valued at amortized cost which may vary slightly from the fair value.

The Council's investments, except for LAMP, are categorized as either:

- (1) insured or registered or for which the securities are held by the government or its agent in the government's name,
- (2) uninsured and unregistered for which the securities are held by the broker's or dealer's trust department or agent in the government's name or,
- (3) uninsured and unregistered for which the securities are held by the broker or dealer, or by its trust department or agent but not in the government's name.

The following is a summary of the Council's investments at year end:

	<u>Categories</u>	<u>Reported Amount</u>	<u>Fair Value</u>
U.S. Government & related agencies securities - long-term	1	\$2,643,025	\$2,643,000
LAMP	N/A	<u>5,804,672</u>	<u>5,810,000</u>
		<u>\$8,447,697</u>	<u>\$8,453,000</u>

The investment in LAMP is not categorized in the three risk categories because it is a pooled investment and the Council's ownership is not evidenced by securities or book entry.

Note 8 - RECEIVABLES

Receivables at December 31, 2003, are as follows:

<u>Governmental Funds</u>					
	<u>General Fund</u>	<u>Major Road Construction &amp; Maintenance Fund</u>	<u>Capital Improvement Fund</u>	<u>Total Nonmajor Governmental Funds</u>	<u>Total Governmental Receivables</u>
Assessments:					
Current				\$70,973	\$70,973
Delinquent				80,541	80,541
Deferred				236,057	236,057
Accounts	\$35,634	\$18,857	\$137,710		192,201
<b>Total</b>	<u>\$35,634</u>	<u>\$18,857</u>	<u>\$137,710</u>	<u>\$387,571</u>	<u>\$579,772</u>
<u>Nonmajor</u>					
	<u>Paving Series N Fund</u>	<u>Paving Series O Fund</u>	<u>1995 Paving Jupiter Green Acres # 2</u>	<u>2002 Paving Delmar Pluto</u>	<u>Total Nonmajor Governmental Funds</u>
Assessments:					
Current	\$24,691	\$17,026	\$13,341	\$15,915	\$70,973
Delinquent	31,387	28,560	20,594		80,541
Deferred	75,973	64,329	11,500	84,255	236,057
<b>Total</b>	<u>\$132,051</u>	<u>\$109,915</u>	<u>\$45,435</u>	<u>\$100,170</u>	<u>\$387,571</u>
<u>Enterprise Funds</u>					
	<u>Reduction and Transfer Fund</u>	<u>Kemper Williams Park Fund</u>	<u>Total Enterprise Funds Receivables</u>		
Accounts	\$160,009	\$83	\$160,092		

All receivables are net of allowances for uncollectible accounts which are immaterial.

The deferred portion of special assessments receivables represents the portion of payments that will be due from property owners in future years. An amount equal to this is recorded as deferred revenue in the liability section on the debt service funds' balance sheets. Delinquent special assessments represents payments due from property

NOTE 9 - DUE FROM/TO OTHER FUNDS

Due from/to other funds at December 31, 2003 as shown on the Governmental Funds Balance Sheet consists of the following:

<u>Due to</u>	<u>Due from</u>		<u>Total</u>
	<u>Sanitation Fund</u>	<u>Non Major Governmental</u>	
General Fund		\$50,000	\$50,000
Amelia & Vicinity	\$11,332		11,332
Wards 5 & 8 Sewer	22,704		22,704
Non Major Governmental	42,276	187,500	229,776
Total	<u>\$76,312</u>	<u>\$237,500</u>	<u>\$313,812</u>

The balances in the due to and from accounts are as a result of short term transactions where one fund receives funds from another and repayments are made within the next fiscal year.

NOTE 10 - ADVANCES TO/FROM OTHER FUNDS

Advances to/from other funds as of December 31, 2003 consisted of the following:

<u>Advance due to</u>	<u>Advance due from</u>						<u>Total</u>
	<u>General Fund</u>	<u>Sanitation Fund</u>	<u>Amelia &amp; Vicinity</u>	<u>Wards 5 &amp; 8 Sewer</u>	<u>Non Major Governmental</u>	<u>Kemper Williams Park</u>	
Road Construction & Maint.	\$847,000						\$847,000
Sanitation			\$458,269	\$499,731			958,000
Capital Improvement			683,752	1,026,056			1,709,808
Non Major Governmental	29,803	\$622,601			\$490,894	\$126,385	1,269,683
Reduction & Transfer					467,836		467,836
Total	<u>\$876,803</u>	<u>\$622,601</u>	<u>\$1,142,021</u>	<u>\$1,525,787</u>	<u>\$958,730</u>	<u>\$126,385</u>	<u>\$5,125,942</u>

The balance of \$126,385 advanced to Kemper Williams Park from Sales Tax Bond & Interest Sinking Fund (a nonmajor debt service fund), the balance of \$458,269 advanced to Amelia & Vicinity from Sanitation, and the balance of \$499,731 advanced to Wards 5 & 8 Sewer from Sanitation are not scheduled to be repaid in the upcoming year. A reservation of fund balance for non-current receivables has been shown on the balance sheets of the funds to which payments are due.

NOTE 10 - ADVANCES TO/FROM OTHER FUNDS (continued)

Advances between funds arise in one of two ways:

When one fund has a shortfall, and funds from another fund are used to cover expenditures. These are not expected to be repaid within current year.

The Council maintains a commingled cash account and periodically one fund temporarily borrows amounts from the other funds to cover expenditures.

NOTE 11 - INTERFUND TRANSFERS

Interfund transfers in for the year ended December 31, 2003, consisted of the following:

<b>TRANSFER TO</b>	<b>TRANSFER FROM</b>		
<b>Major Governmental Funds:</b>			
General Fund	Road Construction and Maintenance Fund	\$ 949,731	
	Sales Tax Bond Sinking Fund	<u>691,241</u>	
Total General Fund			\$ 1,640,972
Capital Improvement Fund	Community Grant Fund	461,300	
	Road Construction and Maintenance Fund	<u>906,131</u>	
Total Capital Improvement Fund			1,367,431
Amelia & Vicinity Fund	Sanitation Fund		149,600
Wards 5 & 8 Sewer Project Fund	Sanitation Fund		<u>299,703</u>
<b>Non Major Governmental Funds:</b>			
Wards 1,2,3,4,7 & 10 Sales Tax Fund	General Fund	86,275	
	Wards 5 & 8 Sales Tax Fund	<u>3,402</u>	
Total Wards 1,2,3,4,7 & 10 Sales Tax Fund			89,677
Jail Operating & Maintenance Fund	General Fund		31,792
Joe C. Russo Fund	Boat Landing Permit Fund		20,000
Sales Tax Bond Sinking Fund	Sales Tax Bond Reserve Fund 1994, 1996		281,003
3/4% Sales Tax Bond Sinking Fund	3/4% Sales Tax Bond Reserve Fund	28,049	
	Amelia & Vicinity Fund	246,502	
	Franklin & Vicinity Fund	<u>116,805</u>	
Total 3/4% Sales Tax Bond Sinking Fund			391,356
Certificates of Indebtedness Sinking Fund	Community Grant Fund	611,353	
	Road Construction and Maintenance Fund	<u>591,808</u>	
Total Certificates of Indebtedness Sinking Fund			1,203,161
Jail Sinking Fund	Jail Operating & Maintenance Fund		494,206
Jail Reserve Fund	Jail Operating & Maintenance Fund		24,710
Franklin & Vicinity Fund	Sanitation Fund	251,650	
	Wards 1,2,3,4,7 & 10 Sales Tax Fund	<u>50,000</u>	
Total Franklin & Vicinity Fund			301,650
Morgan City & Vicinity Fund	Sanitation Fund		35,662
Cypremort Point & Vicinity Fund	Sanitation Fund		<u>270,791</u>
Total Transfers In -Non Major Governmental Funds			3,144,008
Total Transfers In - Governmental Funds			<u>6,601,714</u>
<b>Business-type Activities:</b>			
Reduction and Transfer Fund	Sanitation Fund		\$ 595,892
Small Animal Control Fund	General Fund		109,549
Kemper Williams Park Fund	General Fund		<u>197,661</u>
Total Transfers In - Business-type Activities			903,102
Total Transfers In			<u>\$ 7,504,816</u>

NOTE 11 - INTERFUND TRANSFERS (continued)

Interfund transfers out for the year ended December 31, 2003, consisted of the following:

TRANSFER FROM	TRANSFER TO		
Major Governmental Funds:			
General Fund	Small Animal Control Fund	\$ 109,549	
	Jail Operating & Maintenance Fund	31,792	
	Kemper Williams Park Fund	197,661	
	Wards 1,2,3,4,7 & 10 Sales Tax Fund	<u>86,275</u>	
Total General Fund			\$ 425,277
Road Construction and Maintenance Fund	General Fund	949,731	
	Certificates of Indebtedness Sinking Fund	591,808	
	Capital Improvement Fund	<u>906,131</u>	
Total Road Construction and Maintenance Fund			2,447,670
Sanitation Fund	Amelia & Vicinity Fund	149,600	
	Franklin & Vicinity Fund	251,650	
	Cypremort Point & Vicinity Fund	270,791	
	Wards 5 & 8 Sewer Project Fund	299,703	
	Morgan City & Vicinity Fund	35,662	
	Reduction and Transfer Fund	<u>595,892</u>	
Total Sanitation Fund			1,603,298
Amelia & Vicinity Fund	3/4% Sales Tax Bond Sinking Fund		<u>246,502</u>
Non Major Governmental Funds:			
Community Grant Fund	Certificates of Indebtedness Sinking Fund	611,353	
	Capital Improvement Fund	<u>461,300</u>	
Total Community Grant Fund			1,072,653
Wards 5 & 8 Sales Tax Fund	Wards 1,2,3,4,7 & 10 Sales Tax Fund		3,402
Wards 1,2,3,4,7 & 10 Sales Tax Fund	Franklin & Vicinity Fund		50,000
Jail Operating & Maintenance Fund	Jail Sinking Fund	494,206	
	Jail Reserve Fund	<u>24,710</u>	
Total Jail Operating & Maintenance Fund			518,916
Boat Landing Permit Fund	Joe C. Russo Fund		20,000
Sales Tax Bond Sinking Fund	General Fund		691,241
Sales Tax Bond Reserve Fund 1994, 1996	Sales Tax Bond Sinking Fund		281,003
3/4% Sales Tax Bond Reserve Fund	3/4% Sales Tax Bond Sinking Fund		28,049
Franklin & Vicinity Fund	3/4% Sales Tax Bond Sinking Fund		<u>116,805</u>
Total Transfers Out - Non Major Governmental Funds			2,782,069
Total Transfers Out - Governmental Funds			<u>\$ 7,504,816</u>

Transfers are used to:

Move revenues from the fund that the budget ordinance requires to collect them to the fund that the budget ordinance requires to expend them

Move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and

Use excess unrestricted revenues collected in one fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 12 - DUE TO/FROM COMPONENT UNITS

Due from component units at December 31, 2003 consists of the following:

<u>Payable To</u>	<u>Due From</u>	<u>Amount</u>
Major Funds:		
General Fund	Waterworks #5	\$7,676
	Water & Sewer Commissions #2	7,462
	Waterworks District #6	4,235
	Water & Sewer Commission #1	2,354
	Water & Sewer Commission #5	<u>6,318</u>
		<u>28,045</u>
Sanitation	Water & Sewer Commission #1	12,773
	Waterworks #6	14,353
	Waterworks #5	22,315
	Water & Sewer Commission #2	26,907
	Water & Sewer Commission #5	<u>9,047</u>
		<u>85,395</u>
*Capital Improvements	Hospital District #1	<u>142,130</u>
Amelia & Vicinity	Consolidated Water & Sewer District #1	<u>96,869</u>
Major funds due from component units		<u>352,439</u>
Non-major Funds:		
*3/4% Sales Tax Bond Sinking	Sewer District #8	117,260
Franklin & Vicinity	Sewer District #7	48,759
*Cypremort Point & Vicinity	Sewer District #10	<u>216,891</u>
Non-major funds due from component units		<u>382,910</u>
Total due from component units		<u>\$735,349</u>

\*These amounts are not to be repaid within the upcoming year. Therefore, a reservation of fund balance for non-current receivables has been shown on the balance sheets of the funds to which the payments are due.

NOTE 12 - DUE TO/FROM COMPONENT UNITS (continued)

Due to component units at December 31, 2003 consists of the following:

<u>Payable To</u>	<u>Due From</u>	<u>Amount</u>
Fairview Treatment Center	Local Law Enforcement Block Grant #2	\$16,359
	Juvenile Incentive Block Grant	13,500
	Re-entry Drug Court	<u>10,234</u>
Total due to component units		<u>\$40,093</u>

NOTE 13 - FIXED ASSETS

**CAPITAL ASSETS**

Capital asset and depreciation activity for the year ended December 31, 2003, is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$1,750,876			\$1,750,876
Construction in progress	636,273	\$2,404,309		3,040,582
Infrastructure		2,048,396		2,048,396
Total capital assets not being depreciated	<u>2,387,149</u>	<u>4,452,705</u>	<u>--</u>	<u>6,839,854</u>
Other capital assets:				
Buildings	14,973,330	33,158		15,006,488
Equipment and furniture	5,027,425	1,957,026	(\$69,583)	6,914,868
Improvements	3,219,607	476,242		3,695,849
Total other capital assets at historical cost	<u>23,220,362</u>	<u>2,466,426</u>	<u>(69,583)</u>	<u>25,617,205</u>
Less accumulated depreciation for:				
Buildings	(3,699,391)	(410,009)		(4,109,400)
Equipment and furniture	(3,611,623)	(436,913)	69,583	(3,978,953)
Improvements	(1,165,962)	(182,689)		(1,348,651)
Total accumulated depreciation	<u>(8,476,976)</u>	<u>(1,029,611)</u>	<u>69,583</u>	<u>(9,437,004)</u>
Other capital assets, net	<u>14,743,386</u>	<u>1,436,815</u>	<u>--</u>	<u>16,180,201</u>
Governmental capital assets, net	<u>\$17,130,535</u>	<u>\$5,889,520</u>	<u>--</u>	<u>\$23,020,055</u>
<b>Business-type activities:</b>				
Capital assets not being depreciated:				
Land	\$2,052,372			\$2,052,372
Land improvements	1,710,164	\$40,063		1,750,227
Total capital assets not being depreciated	<u>3,762,536</u>	<u>40,063</u>	<u>--</u>	<u>3,802,599</u>
Other capital assets:				
Buildings	4,282,652			4,282,652
Equipment	5,488,177	189,945	(\$68,343)	5,609,779
Improvements		206,635		206,635
Total other capital assets at historical cost	<u>9,770,829</u>	<u>396,580</u>	<u>(68,343)</u>	<u>10,099,066</u>
Less accumulated depreciation for:				
Buildings	(4,265,503)	(11,881)		(4,277,384)
Equipment	(3,585,017)	(378,073)	63,710	(3,899,380)
Improvements		(10,332)		(10,332)
Total accumulated depreciation	<u>(7,850,520)</u>	<u>(400,286)</u>	<u>63,710</u>	<u>(8,187,096)</u>
Other capital assets, net	<u>1,920,309</u>	<u>(3,706)</u>	<u>(4,633)</u>	<u>1,911,970</u>
Business-type activities capital assets, net	<u>\$5,682,845</u>	<u>\$36,357</u>	<u>(\$4,633)</u>	<u>\$5,714,569</u>

The beginning balance of \$8,476,976 recorded in accumulated depreciation for governmental activities is for the cumulative effect for depreciation not recorded in years prior to the effect of GASB No. 34.

NOTE 13 - FIXED ASSETS (continued)

Depreciation expense was charged to functions as follows:

Governmental activities:

General government	\$543,904
Public safety	6,164
Public works	333,992
Health and welfare	116,031
Culture and recreation	29,520

Total governmental activities depreciation expense

\$1,029,611

Business-type activities:

Small Animal Control	\$8,529
Kemper Williams Park	130,030
Reduction and Transfer-Solid Waste Landfill	261,727

Total business-type activities depreciation expense

\$400,286

NOTE 14 - LONG TERM DEBT

As of December 31, 2003, the governmental long-term debt is segregated between the amounts to be repaid from governmental activities and amounts to be repaid from business-type activities.

Governmental Activities:

As of December 31, 2003, the governmental long-term debt of the Council consisted of the following:

Public Improvement Sales Tax Bonds

\$1,965,000 of Public Improvement Sales Tax Bonds, ST-1996 were issued on April 1, 1996 for the refunding of Sales Tax Bonds issued July 1, 1992 and the remainder to be used to acquire and construct a building to be used for public health purposes. The bonds bear interest of 4.3 to 8.0 percent and are payable through the year 2016. The bonds are being retired from the one percent Sales Tax Bond Sinking Fund.

\$1,515,000

\$2,900,000 of Public Improvement Sales Tax Refunding Bonds, Series 2003, were issued on October 1, 2003 for the refunding of Sales Tax Bonds issued April 1, 1994. The bonds bear interest of 2.0 to 3.7 percent and are payable through the year 2012. The bonds are being retired from the One Percent Sales Tax Bond Sinking Fund.

2,900,000

\$5,500,000 of Public Improvement Sales Tax Refunding Bonds were issued on June 1, 1993 to advance refund \$4,620,000 of the 1987 \$7,210,000 Public Improvement Sales Tax Refunding bonds which mature December 1, 2000 to December 1, 2004. The bonds bear interest at rates ranging from 2.5% to 5.0% with payments due through 2004. These bonds are to be retired from the Three-fourths Percent Sales Tax Bond Sinking Fund.

825,000

\$2,200,000 of General Obligation Bonds were issued November 1, 1996 to improve, construct and acquire buildings, equipment, and books for the parish libraries. The bonds bear interest at rates ranging from 4.9% to 8.0% and mature March 1, 2016. These bonds are to be retired from the annual levy and collection of unlimited ad valorem taxes on all taxable property within the Parish's boundaries, excluding the City of Morgan City. Although the Council is servicing the debt on these bonds, the St. Mary Parish Library Fund will be expending the proceeds and will also be transferring ad valorem taxes to the Council to service the debt. These bonds are being paid from the St. Mary Parish Library General Obligation '96 Sinking Fund.

1,685,000

NOTE 14 - LONG TERM DEBT (continued)

Refunding Certificates of Indebtedness

\$2,105,000 of Certificates of Indebtedness, Series 2002 were issued on August 15, 2002, to refund \$2,105,000 of the 1999 \$4,200,000 Certificates of Indebtedness. The certificates bear interest of 3.85% and are payable through the year 2007. The certificates are being retired from the Certificates of Indebtedness Series 2002, (Spine Road) Fund. \$1,640,000

REVENUE BONDS

\$2,800,000 of Revenue Bonds Series A, 1999 were issued on March 1, 1999 for the purpose of paying a portion of the costs of constructing and equipping a new 300 bed jail facility and to renovate, improve and equip the existing jail facilities. The bonds bear interest of 4.95% and are payable through the year 2014. These bonds are to be retired from the excess of revenues over expenditures from the Jail Operating Fund. These bonds are being paid from the Jail Sinking Fund. 2,360,000

\$1,191,000 of Revenue bonds, Series B, 1999 were issued for the purpose of paying a portion of the costs of constructing and equipping a new 300 bed jail facility. The bonds bear interest of 5% and are payable through the year 2029. This is a drawdown against the total amount of the loan of \$1,196,000. The bonds are to be retired from the income, revenues, and receipts from the operation of jail facilities after paying the reasonable and necessary expenses of administering, operating, and maintaining the jail facilities. These bonds are being paid from the Jail Sinking Fund. 1,109,134

\$4,500,000 of Road Bonds, Series 2000, were issued on September 1, 2000, for the purpose of constructing, improving, and resurfacing public streets and roads in the Parish and the various municipalities within the Parish and other capital projects. The bonds bear interest of 5.8% and are payable through the year 2015. The bonds are to be retired from the excess of annual revenues of the Parish. These bonds are being paid from the Certificates of Indebtedness Sinking Fund. 3,885,000

\$1,300,000 of Revenue Bonds, Series 2000, were issued on November 1, 2000, for the purpose of renovating, improving, and equipping the Parish's jail facilities located in the Parish Courthouse, and constructing and equipping a new 300 bed jail facility. The bonds bear interest of 5.8% and are payable through the year 2015. The bonds are to be retired solely from the net revenues from the operation of the jail by the facility by the Sheriff of the Parish. These bonds are being paid from the Jail Sinking Fund. 1,175,000

NOTE 14 - LONG TERM DEBT (continued)

Public Parks and Recreation Bonds

\$1,000,000, Series 2002 - A, were issued on May 1, 2002, to pay a portion of the cost of constructing a public golf course at Kemper Williams Park. The bonds bear interest of 5.5% and are payable through the year 2017. Those bonds are to be retired from the excess annual revenues of the Parish and are paid from the Certificate of Indebtedness Sinking Fund.

\$1,000,000

\$2,000,000, Series 2002 - B, were issued on December 1, 2002, to pay a portion of the cost of constructing a public golf course at Kemper Williams Park. The bonds bear interest of 4.75% and are payable through the year 2017. These bonds are to be retired from the excess annual revenues of the Parish and are paid from the Certificate of Indebtedness Sinking Fund.

2,000,000

SPECIAL ASSESSMENT

Paving Certificates

The four following special assessment bonds are being retired with the proceeds of special assessment collections as accumulated in each of the four applicable debt service funds for special assessment paving certificates.

It has been the policy of the Council to honor special assessment obligations.

\$263,803 Paving Certificates, Series 1995, issued July 1, 1995; due in annual installments of \$26,380 through July 1, 2005; interest at 6.375%

52,760

\$322,089 Paving Certificates, Series 1999, issued October 1, 1999; due in annual installments of \$32,208 through October 1, 2008; interest at 4.75%

161,044

\$236,429 Paving Certificates, Series 1999, issued March 10, 1999; due in annual installments of \$23,643 through May 2009; interest at 5%

141,857

\$93,616 Paving Certificates, Series 2003, issued May 1, 2003; due in annual installments of \$9,362 through May 2013; interest at 4.25%

93,616

Accrued compensated absences-all noncurrent  
Total Governmental Activity Debt

155,280  
\$20,698,691

NOTE 14 - LONG TERM DEBT (continued)

Business-type Activities:

As of December 31, 2003, the long-term debt payable from proprietary fund resources consisted of the following:

Enterprise Fund Certificates of Indebtedness

\$750,000 of Certificates of Indebtedness, Series 1999, were issued on October 1, 1999 for the purpose of constructing improvements at the Parish landfill. The Certificates bear interest at 4.625% and are payable through the year 2004. The Certificates are being retired through the transfer of excess revenues in the Reduction and Transfer Fund. These certificates are being paid from the Reduction and Transfer Fund.

\$ 165,000

Total Enterprise Certificates of Indebtedness

\$ 165,000

On October 1, 2003, the Council issued \$2.9 million of Public Improvement Sales Tax Refunding Bonds with an average interest rate of 3.25 percent to advance refund \$3.465 million of outstanding 1994 Series bonds with an average interest rate of 5.3 percent. The net proceeds of \$2.885 million (after payment of underwriting fees, insurance, and other issuance costs) plus an additional \$500,000 of reserve and sinking fund monies were used to establish an escrow fund with an escrow agent to provide for all future debt service payments on the 1994 Series bonds. As a result, the 1994 Series bonds are considered to be defeased and the liability for those bonds has been removed from the government-wide statement of net assets.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$80,000. The Council completed the advance refunding to reduce its total debt service payments over the next nine years by \$190,000 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$98,000.

NOTE 14 - LONG TERM DEBT (continued)

Long-term liability activity for the year ended December 31, 2003, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due within One Year</u>
<b>Governmental Activities:</b>					
<b>Bonds payable:</b>					
General obligation Debt	\$ 10,735,000	\$ 2,900,000	\$ (5,070,000)	\$ 8,565,000	\$ 1,375,000
Revenue bonds	8,988,623		(459,489)	8,529,134	483,028
Public parks and recreation bonds	3,000,000			3,000,000	145,000
Special assessment bonds	437,893	93,616	(82,232)	449,277	91,594
Total bonds payable	<u>23,161,516</u>	<u>2,993,616</u>	<u>(5,611,721)</u>	<u>20,543,411</u>	<u>2,094,622</u>
<b>Other liabilities:</b>					
Compensated absences	124,929	30,351	--	155,280	--
Total other liabilities	<u>124,929</u>	<u>30,351</u>	<u>--</u>	<u>155,280</u>	<u>--</u>
<b>Governmental activities long-term liabilities</b>	<u>\$ 23,286,445</u>	<u>\$ 3,023,967</u>	<u>\$ (5,611,721)</u>	<u>\$ 20,698,691</u>	<u>\$ 2,094,622</u>
<b>Business-type Activities</b>					
<b>Bonds payable:</b>					
Landfill debt	\$ 320,000	--	\$ (155,000)	\$ 165,000	\$ 165,000
<b>Business-type activities long-term liabilities</b>	<u>\$ 320,000</u>	<u>--</u>	<u>\$ (155,000)</u>	<u>\$ 165,000</u>	<u>\$ 165,000</u>

NOTE 14 - LONG TERM DEBT (continued)

Debt Maturity

Debt service requirements at December 31, 2003, were as follows:

Year Ended December 31.	Governmental Activities - Bonds							
	General Obligation		Revenue Bonds		Special Assessment		Public Parks and Recreation	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2004	\$ 1,375,000	\$ 337,556	\$ 483,028	\$ 460,278	\$ 91,594	\$ 22,084	\$ 145,000	\$ 145,000
2005	910,000	296,040	514,338	433,256	91,594	17,293	160,000	138,000
2006	945,000	265,380	545,561	404,664	65,214	12,502	165,000	130,263
2007	975,000	229,933	571,846	374,503	65,214	9,391	175,000	122,288
2007	565,000	193,077	603,057	342,904	65,213	6,280	185,000	113,825
2009-2013	2,830,000	587,525	3,608,550	1,167,234	70,448	7,150	1,075,000	426,102
2014-2018	965,000	89,791	1,594,016	282,669			1,095,000	135,614
2019-2023			261,930	133,048				
2024-2028			325,702	69,277				
2029			21,106	3,766				
Total	<u>\$ 8,565,000</u>	<u>\$ 1,999,302</u>	<u>\$ 8,529,134</u>	<u>\$ 3,671,599</u>	<u>\$ 449,277</u>	<u>\$ 74,700</u>	<u>\$ 3,000,000</u>	<u>\$ 1,211,092</u>

Business-type Activities-Certificates of Indebtedness

	Landfill Debt	
	Principal	Interest
2004	<u>\$ 165,000</u>	<u>\$ 7,630</u>

#### NOTE 14 - LONG TERM DEBT (continued)

The Council is subject to certain affirmative and negative covenants pursuant to its bond and debt agreements. These covenants include but are not limited to:

1. Establishment and funding of certain debt service funds
2. Preparation and adoption of budgets
3. Preparation and independent audit of financial statements
4. Restriction as to additional debt issuance
5. Restriction as to investments
6. Assisting the Chitimacha Tribe of Louisiana in renewing or extending the Tribe's compact with the State of Louisiana for conducting gaming activities on Tribal lands.

At December 31, 2003, \$3,155,000 of outstanding general-term debt are considered defeased.

#### NOTE 15 - CONDUIT DEBT OBLIGATION

In June of 2003, the Council through its component unit, the Industrial Development Board of the Parish of St. Mary, Louisiana, Inc., approved \$4 million of Taxable Revenue Bonds. This was done to provide financial assistance to a private-sector entity for the acquisition and construction of industrial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying leases. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the Council, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2003 the project is partially complete and approximately \$2,830,000 of the proceeds have been funded to the private-sector entity. No principle repayments had been made at year end.

#### NOTE 16 - VENTURES WITH OTHER GOVERNMENTS

The Council is participating in an agreement with the City of Franklin for the operation of sewerage facilities for the City and surrounding Parish areas. The City funded seventy percent of the total cost of the upgrade of \$1,100,000, and the Council funded the remaining thirty percent. The City government operates the system including budgetary and financial matters and the Council does not participate in the operation or management of the system. The Council reimburses the City for thirty percent of the operating costs. The Council, in turn, is reimbursed for 33% of its share by St. Mary Parish Sewer District No. 7. The fiscal year for the project ends April 30, 2003. Total revenues for the year ended April 30, 2003, were approximately \$322,000; total expenditures were approximately \$519,000. Separate balance sheet amounts are not readily available at year end.

NOTE 16 - VENTURES WITH OTHER GOVERNMENTS (continued)

The Council entered into an intergovernmental agreement with the St. Mary Parish Consolidated Drainage No. 1 (District) and the City of Franklin (City) for a flood control improvement project at the Bayou Yokely Pump Station. The total cost of Phase 1 of the project is estimated to be approximately \$6.2 million. The administrative, engineering, and land acquisition costs of approximately \$800,000 are to be paid by the three local entities in equal shares. The Council's cash portion of project costs has been fully funded. Construction costs of \$5.4 million are to be paid jointly by the Louisiana Department of Transportation and Development (DOTD) and the U.S. Army Corp. of Engineers. The City is overseeing the three local government's participation in the project. The City and DOTD are presently considering a second phase of the project with an estimated cost of \$2.5 million. The Council expects to again partner with the District and the City to provide local funding if it is required.

The City maintains separate financial information for these projects, which are included in its financial report for the year ended April 30, 2003, which is available from the City Clerk of Franklin.

In a separate but related agreement, the City, Parish, and District have agreed to set up a fund for maintenance of the Yokely Pumping Station. Each of the three is to place in a Capital Maintenance Fund money in the amount of \$3,333 per year until the amount reaches the sum of \$50,000. At any time the fund falls below \$50,000 each entity is to replenish the fund on the same equal basis up to \$50,000. The District is in charge of overseeing the Capital Maintenance Fund. The District maintains separate financial information for this project, which is included in its financial report for the year ended September 30, 2003, which is available from the Clerk of the St. Mary Parish Council. Total revenues for the year ended September 30, 2003, were approximately \$7,000; total expenditures were approximately \$7,500. At September 30, 2003, total assets and fund balance were approximately \$46,000 each.

NOTE 17 - PENSION PLAN AND OTHER RETIREMENT BENEFITS

The Council contributes to the Parochial Employees' Retirement System of Louisiana (Plan A), a cost sharing multiple-employer public employee retirement system administered by a Board of Trustees consisting of seven members. The System provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries. The System was established by the Louisiana legislature by Act 205 of 1952 and revised by Act 765 of 1979. The System issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by calling the Parochial Employees' Retirement System of Louisiana at (225) 928-1361.

NOTE 17 - PENSION PLAN AND OTHER RETIREMENT BENEFITS (continued)

Plan members are required to contribute 9.50% of their annual covered salary and the St. Mary Parish Council is required to contribute at a rate of 7.75% of annual covered payroll. The Council's actual contributions to the System for the years ending December 31, 2003, 2002, and 2001 were approximately \$230,000, \$220,000 and \$200,000, respectively; and were equal to the required contributions for each year.

The Council is not responsible for any other significant post retirement benefits to its former employees.

NOTE 18 - COMMITMENTS AND CONTINGENCIES

The Council entered into a Community Grant Agreement with the Chitimacha Tribe of Louisiana. This agreement calls for the Chitimacha Tribe to grant approximately \$10 million to the Council over a seven year period. The agreement also calls for half of the money be used to pay debt, and the other half to be specifically divided between the Council, Sheriff, and municipalities for specified purposes. The Council received \$1.5 million under this agreement during the year and made the required disbursements under the agreement.

The Council entered into a cooperative endeavor agreement with the Town of Baldwin, and the Chitimacha Tribe. Under this agreement, the Council will transfer a portion of the money received under the Community Grant Agreement to the Town of Baldwin to pay debt owed by the Town. During the year, the Council transferred approximately \$138,000 under this agreement.

In October 2002, Hurricane Lili struck the Louisiana Gulf Coast. The winds and rainfall associated with the hurricane caused the Council to incur costs related to debris clean up and damage to property. The Council is eligible to receive financial assistance from the federal and state governments. The Council estimates the total expenditures due to the hurricane will be approximately \$3 million. At December 31, 2003, the Council had expended approximately \$2.9 million related to the hurricane. The Council may incur significant costs due to the hurricane in excess of the amounts funded by federal and state governments.

During the year, the Council began construction of a golf course on a portion of the Kemper Williams Park site. The total project is estimated to cost approximately \$8 million, excluding the value of the land. The \$8 million construction cost is being funded by \$4 million in state grants, \$3 million from public parks and recreation bonds issued by the Council in 2002, and an additional \$1 million in anticipated grants. At December 31, 2003, the Council had spent approximately \$1 million on this project.

NOTE 18 - COMMITMENTS AND CONTINGENCIES (continued)

Subsequent to year end, the Council plans to issue \$6.2 million of sewerage sales tax bonds to pay the cost of constructing sewerage improvements within the Parish.

The Council participates in a number of federally assisted programs. These programs are audited in accordance with the Single Audit Act of 1984. Audits of prior years have not resulted in any significant disallowed costs; however, grantor agencies may provide for further examinations. Based on prior experience, the Council's management believes that further examinations would not result in any material disallowed costs.

NOTE 19 - SOLID WASTE LANDFILL CLOSURE AND POST CLOSURE CARE COSTS

The Council provides for the collection and disposal of garbage through the operation of the Reduction and Transfer Fund, an enterprise fund. As part of this operation, a landfill composed of five areas is maintained. The operation of the landfill is subject to certain federal and state regulations. In 1989, the Council ceased operating and closed approximately 40 acres of the landfill which composed areas one and two.

Area 3 which includes approximately 39 acres is the main portion of the Parish landfill currently in operation. Area 3A which totals approximately 8 acres is restricted to receiving construction waste and debris and has been used primarily for debris from storms. Area 4 was permitted in late 2002 and has yet to be developed, it will cover approximately 60 acres.

Since the Council accepted solid wastes at the landfill site after October 1993, the Council will be responsible for meeting state and federal requirements on the portions of the landfill which operate after that time. Those requirements mandate not only rigid landfill closure requirements but also monitoring, remediation and containment requirements for thirty years after closure. Recently management, with the assistance of consulting engineers, has estimated costs for closure of the landfill to be approximately \$9,240,000. Costs for postclosure care, monitoring, and containment have been estimated to be approximately \$1,891,000 (\$63,000 per year for thirty years).

GASB statement No. 18, which specifies the accounting method to be utilized by governments that operate landfills, became applicable to the Council's operations effective January 1, 1994. GASB No. 18 requires that landfills estimate the total cost of closure and post closure care. Further that the landfill recognize a portion of these estimated closure and postclosure costs over the operating life of the landfill. These closure and postclosure costs should be recognized as a liability and charged as an expense of operations of the landfill each year based upon the amount of landfill space utilized in that year as compared to the total available landfill space.

NOTE 19 - SOLID WASTE LANDFILL CLOSURE AND POST CLOSURE CARE COSTS (continued)

GASB No. 18 also requires that current costs be adjusted when changes in closure or post closure care plans or landfill operating conditions increase or decrease the estimated costs.

The permitting of Area 4 increased the landfill space by threefold. This increase in size increased the total estimated closure and post closure costs by approximately \$4,000,000. However, the area 4 expansion has allowed the Council to reduce the estimated closure and post closure costs to approximately \$2.00 per ton as compared to approximately \$5.00 per ton prior to the permit for the expansion.

As of December 31, 2003, the Council has recognized \$3,380,000 as the total estimated closure and post closure care costs based upon an estimated utilization of available usable landfill space as follows: Area 3 - 83%, Area 3A - 3%, and Area 4 - 0%. This leaves \$7,750,000 of estimated closure and post closure care costs remaining to be recognized in future years.

It is estimated that the landfill will reach its capacity in approximately 40 years at the current rate of use.

Estimated costs for closure and post closure are based on estimated costs at the current time and under the current regulations. Future changes in inflation, technology, or regulating requirements could cause these estimated costs to increase or decrease.

The Council meets the federal and state financial assurance requirements for operations of landfills, under the financial test or "self-insurance" method. The Council has not formally set aside or formally restricted any assets for closure or post closure care costs.

NOTE 20 - RELATED PARTY

The advances due from Hospital Service District No. 1 are being reduced by medical services provided to the St. Mary Parish Jail inmates. The value of these services was approximately \$40,000 in 2003.

The Council received payments from Sewerage District No. 2 & No. 8 and Water and Sewer Commission No. 1 of approximately \$379,000, \$123,000 and \$100,000 respectively to defray their portion of bonded indebtedness during the year.

The Council received payment from the St. Mary Parish Sales Tax Department of approximately \$10,000 for office rental payments in 2003.

See Note 12 for the balances in the various payable and receivable accounts at December 31, 2003.

NOTE 21 - RISK MANAGEMENT AND CONTINGENCIES

The Council is exposed to various risks of loss related to torts, theft or damage to assets, errors and omissions, injuries to employees and natural disasters. In addition, the Council provides certain medical and health care to parish prisoners. The Council has purchased commercial insurance to protect against loss from most of these perils. However, it is the policy of the Council to retain the risk of loss related to the costs of health care benefits for prisoners.

During the year ended December 31, 1996, the Council adopted the provisions of GASB Statement No. 10, which establishes accounting and reporting standards for risk and insurance related activities of governmental entities. In accordance with the provisions of this statement, the Council is reporting its risk retention activities in its General Fund.

There are no significant reductions in insurance coverages from prior years in the Council's insurance.

Settlements in the prior three years have not exceeded insurance coverages.

The Council uses a combination of past history and specific claim analysis to estimate its liability for unpaid claims. The Council does not discount the amount of claims to present value, nor has the Council purchased any annuity contracts to settle estimated liabilities.

Changes in the Council's estimated claims liabilities for years ended December 31, 2002 and 2003 were:

Liability balance, Jan. 1, 2002	\$2,000
Claims & changes in estimate	187,000
Claims paid	<u>(175,000)</u>
Liability balance, Dec. 31, 2002	14,000
Claims & changes in estimate	184,000
Claims paid	<u>(188,000)</u>
Liability balance, Dec. 31, 2003	<u>\$ 10,000</u>

The total expenditures reported by the Council for claims related to retained risk for the year ended December 31, 2003 totaled \$184,000.

SUPPLEMENTARY INFORMATION-NON MAJOR GOVERNMENTAL FUNDS

**ST. MARY PARISH COUNCIL**  
**COMBINING FINANCIAL STATEMENTS**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
By Governmental Fund Type

**SPECIAL REVENUE FUNDS**

Special revenue funds are used to account for the proceeds of specific revenue sources that are earmarked for expenditures for specified purposes.

**DEBT SERVICE FUNDS**

Debt Service Funds are used to account for the accumulation of resources for, and the payment of long-term debt principal, interest and related costs.

**CAPITAL PROJECTS FUNDS**

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

**ST. MARY PARISH COUNCIL**

Combining Balance Sheet  
 Nonmajor Governmental Funds - By Fund Type  
 December 31, 2003

	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>	<u>Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$479,234	\$1,580,041	\$1,507,935	\$3,567,210
Investments	1,048,765	1,921,012	1,463,400	4,433,177
Receivables (net of allowances for uncollectibles)		387,571		387,571
Due from component units		117,260	265,650	382,910
Due from other governments	768,038	514,889	11,184	1,294,111
Due from other funds		187,500	42,276	229,776
Advance to other funds	48,453	423,041	798,189	1,269,683
Total assets	<u>\$2,344,490</u>	<u>\$5,131,314</u>	<u>\$4,088,634</u>	<u>\$11,564,438</u>
<b>LIABILITIES AND FUND EQUITY</b>				
<b>Liabilities</b>				
Accounts payable	\$172,211	\$176	\$34,429	\$206,816
Contracts payable			87,093	87,093
Retainage payable			5,000	5,000
Accrued liabilities	248			248
Deferred revenue	35,239	236,057		271,296
Due to component units	40,093			40,093
Due to other governments	125,000			125,000
Due to other funds	187,500		50,000	237,500
Advance from other funds	460,266	248,793	249,671	958,730
Total liabilities	<u>1,020,557</u>	<u>485,026</u>	<u>426,193</u>	<u>1,931,776</u>
<b>Fund equity (deficit)</b>				
<b>Fund balances (deficits)</b>				
Reserved for non-current portion of receivables		243,645	216,891	460,536
Reserved for debt service		2,372,133		2,372,133
Unreserved - undesignated	1,323,933	2,030,510	3,445,550	6,799,993
Total fund equity (deficit)	<u>1,323,933</u>	<u>4,646,288</u>	<u>3,662,441</u>	<u>9,632,662</u>
Total liabilities and fund equity	<u>\$2,344,490</u>	<u>\$5,131,314</u>	<u>\$4,088,634</u>	<u>\$11,564,438</u>

ST. MARY PARISH COUNCIL

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Nonmajor Governmental Funds - By Fund Type  
 For the Year Ending December 31, 2003

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
<b>REVENUES</b>				
Taxes				
Sales and use	\$1,201,524	\$1,410,998		\$2,612,522
Ad Valorem		282,649		282,649
Intergovernmental revenues				
Federal grants	654,726			654,726
State funds				
State grants	366,021	78		366,099
Local		501,849	\$51,372	553,221
Chitimacha tribal grant	1,500,000			1,500,000
Special assessments		91,228		91,228
Licenses & Permits	22,526			22,526
Fees, Charges, & Commission	521,319			521,319
Investment earnings & interest	16,716	74,247	61,881	152,844
Total revenues	<u>4,282,832</u>	<u>2,361,049</u>	<u>113,253</u>	<u>6,757,134</u>
<b>EXPENDITURES</b>				
Current:				
General government	100,492	27,029	9,710	137,231
Public safety	1,814,496		13,477	1,827,973
Public works	217,425		450,007	667,432
Sanitation			151,796	151,796
Culture & Recreation	611,225			611,225
Health & Welfare	172,696		376	173,072
Capital outlay	94,745		63,751	158,496
Debt service				
Principal		2,642,841		2,642,841
Interest		1,246,127		1,246,127
Fees		43,024		43,024
Total expenditures	<u>3,011,079</u>	<u>3,959,021</u>	<u>689,117</u>	<u>7,659,217</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,271,753</u>	<u>(1,597,972)</u>	<u>(575,864)</u>	<u>(902,083)</u>
<b>OTHER FINANCING SOURCES</b>				
Proceeds from bonds		2,913,826		2,913,826
Payment to refunding bond escrow agent		(2,885,257)		(2,885,257)
Operating transfers in	141,469	2,394,436	608,103	3,144,008
Operating transfers out	(1,664,971)	(1,000,293)	(116,805)	(2,782,069)
Total other financing sources (uses)	<u>(1,523,502)</u>	<u>1,422,712</u>	<u>491,298</u>	<u>390,508</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	<u>(251,749)</u>	<u>(175,260)</u>	<u>(84,566)</u>	<u>(511,575)</u>
Fund balance (deficits) as previously stated	1,466,619	4,696,369	3,747,007	9,909,995
Prior period adjustment	109,063	125,179		234,242
Fund balance (deficits) as restated	<u>1,575,682</u>	<u>4,821,548</u>	<u>3,747,007</u>	<u>10,144,237</u>
Fund balance (deficits) at end of year	<u>\$1,323,933</u>	<u>\$4,646,288</u>	<u>\$3,662,441</u>	<u>\$9,632,662</u>

**ST. MARY PARISH COUNCIL**  
**COMBINING FINANCIAL STATEMENTS & BUDGETARY COMPARISON SCHEDULES**  
**NON-MAJOR SPECIAL REVENUE FUNDS**

**GAMING RECEIPT FUND**

The Gaming Receipt Fund is used to account for earnings on gaming revenue under old Chitimacha Tribal Compact.

**COMMUNITY GRANT FUND**

The Community Grant Fund is used to account for money received from the Chitimacha Tribe under the community grant agreement.

**WARDS 5 AND 8 SALES TAX FUND**

The Wards 5 and 8 Sales Tax Fund accounts for the proceeds of the three-tenths of one percent sales and use tax levied within Wards 5 and 8 to acquire and maintain lights, public works, fire protection, recreational, and health facilities.

**WARDS 1, 2, 3, 4, 7, AND 10 SALES TAX FUND**

The Wards 1, 2, 3, 4, 7, and 10 Sales Tax Fund accounts for the proceeds of the three-tenths of one percent sales and use tax levied within these wards to acquire and maintain lights, public works, fire protection, recreational, and health facilities.

**HURRICANE LILI FUND**

The Hurricane Lili Fund accounts for money to be received from FEMA for expenditures incurred as a result of damages sustained due to Hurricane Lili.

**BOAT LANDING FUNDS**

The various boat landing funds account for funds received from the sale of permits and launch fees to users of the various boat landings located throughout St. Mary Parish.

**RE-ENTRY DRUG COURT FUND**

The Re-entry Drug Court Fund is used to account for Federal grant funds received to operate a re-entry drug court in the Sixteenth Judicial District.

#### LOCAL LAW ENFORCEMENT BLOCK GRANT

The Law Enforcement Block Grant fund accounts for the proceeds and expenditures resulting from this grant from the U.S. Department of Justice.

#### OFFICE OF JUSTICE PROGRAM GRANT FUND

The office of Justice Program Grant fund is used to account for Federal grant funds received to operate drug courts in St. Mary Parish.

#### 16th JUDICIAL DISTRICT DRUG COURT - BYRNE FEDERAL GRANT FUND

The 16th Judicial District Drug Court - Byrne Federal Grant fund is used to account for a Federal grant and matching local funds to conduct drug courts in St. Mary Parish.

#### LOCAL LAW ENFORCEMENT BLOCK GRANT #2

The Local Law Enforcement Block Grant #2 fund accounts for the proceeds and expenditures resulting from a grant from the U.S. Department of Justice. This grant is for reducing crime and improving public safety.

#### OJP JUVENILE DRUG COURT FUND

The OJP Juvenile Drug Court accounts for the proceeds and expenditures resulting from a grant from the U.S. Department of Justice. This grant is to support the establishment and implementation of drug courts.

#### JUVENILE INCENTIVE BLOCK GRANT

The Juvenile Incentive Block Grant fund is used to account for Federal grant funds used to provide early intervention with at-risk adolescents who currently manifest behaviors that may produce future criminal activity.

#### DRUG COURT ENHANCEMENT FUND

The Drug Court Enhancement Fund is used to account for the proceeds and expenditures resulting from a grant from the Louisiana Commission on Law Enforcement. This grant is used to support the drug court program.

#### JAIL OPERATING AND MAINTENANCE FUND

The Jail Operating fund is used to account for the proceeds of the one-half of one percent sales and use tax levied in St. Mary Parish to be used solely for the purposes of paying the cost of operating and maintaining jail facilities and minimum security facilities of the Parish.

ST. MARY PARISH COUNCIL

Combining Balance Sheet  
Nonmajor Special Revenue Funds  
December 31, 2003

	Gaming Receipt Fund	Community Grant Fund	Wards 5 & 8 Sales Tax Fund	Wards 1,2,3,4,7 & 10 Sales Tax Fund	Hurricane Lili Fund	Re-entry Drug Court Fund	Jail Operating & Maint. Fund
<b>ASSETS</b>							
Cash and cash equivalents	\$8,127				\$213,250		\$52,967
Investments		\$59,791	\$95,098	\$724,524			164,062
Due from other governments		375,000	40,813	46,989			
Advance to other funds	18,650				29,803		
Total assets	\$26,777	\$434,791	\$135,911	\$771,513	\$243,053	-	\$217,029
<b>LIABILITIES AND FUND EQUITY</b>							
Liabilities							
Accounts payable		\$2,093	\$14,465	\$12,980	\$24,184		\$90,114
Accrued liabilities				248			
Deferred revenue					22,000	\$10,234	
Due to component units							
Due to other governments		125,000					
Due to other funds		187,500					
Advance from other funds		10,870	226	339,678			109,492
Total liabilities	-	325,463	14,691	352,906	46,184	10,234	199,606
Fund equity (deficit)							
Fund balances (deficits)							
Unreserved - undesignated	\$26,777	109,328	121,220	418,607	196,869	(10,234)	17,423
Total fund equity (deficit)	26,777	109,328	121,220	418,607	196,869	(10,234)	17,423
Total liabilities and fund equity	\$26,777	\$434,791	\$135,911	\$771,513	\$243,053	-	\$217,029

The accompanying notes are an integral part of these financial statements.

**ST. MARY PARISH COUNCIL**

Combining Balance Sheet  
 Nonmajor Special Revenue Funds  
 December 31, 2003

	Boat Landing Funds					
	Boat Landing Permit Fund	Lawrence J. Michel, Jr. Memorial Fund	Joe C. Russo Fund	Jesse Fontenot Memorial Fund	Marcel Quintana Fund	Jessie B. Hayes Memorial Fund
<b>ASSETS</b>						
Cash and cash equivalents	\$23,560	\$22,195	\$41,524	\$713	\$43,169	\$18,494
Investments	43,253			19,066	54,066	
Due from other governments				111,750		
Advance to other funds						
<b>Total assets</b>	<b>\$66,813</b>	<b>\$22,195</b>	<b>\$41,524</b>	<b>\$131,529</b>	<b>\$132,718</b>	<b>\$18,494</b>
<b>LIABILITIES AND FUND EQUITY</b>						
Liabilities						
Accounts payable			\$27,950	\$425		
Accrued liabilities						
Deferred revenue					12,000	
Due to component units						
Due to other governments						
Due to other funds						
Advance from other funds						
<b>Total liabilities</b>	<b>--</b>	<b>--</b>	<b>27,950</b>	<b>425</b>	<b>12,000</b>	<b>--</b>
Fund equity (deficit)						
Fund balances (deficits)						
Unreserved - undesignated	\$66,813	\$22,195	13,574	131,104	\$43,169	\$18,494
<b>Total fund equity (deficit)</b>	<b>66,813</b>	<b>22,195</b>	<b>13,574</b>	<b>131,104</b>	<b>43,169</b>	<b>18,494</b>
<b>Total liabilities and fund equity</b>	<b>\$66,813</b>	<b>\$22,195</b>	<b>\$41,524</b>	<b>\$131,529</b>	<b>\$132,718</b>	<b>\$18,494</b>

The accompanying notes are an integral part of these financial statements.

**ST. MARY PARISH COUNCIL**

Combining Balance Sheet  
 Nonmajor Special Revenue Funds  
 December 31, 2003

	Local Law Enforcement Block Grant Fund	16th Judicial Drug Court, Byrne Federal Grant Fund	Local Law Enforcement Block Grant Fund # 2	OJP Juvenile Drug Court Fund	Drug Court Enhancement Fund	Juvenile Incentive Block Grant	Total Nonmajor Special Revenue Funds
Cash and cash equivalents	\$3,102	\$281		\$25,300	\$11	\$856	\$479,234
Investments			\$16,347			13,077	1,048,765
Due from other governments							768,038
Advance to other funds							48,453
Total assets	<u>\$3,102</u>	<u>\$281</u>	<u>\$16,347</u>	<u>\$25,300</u>	<u>\$11</u>	<u>\$13,933</u>	<u>\$2,344,490</u>
<b>LIABILITIES AND FUND EQUITY</b>							
Liabilities							\$172,211
Accounts payable							248
Accrued liabilities							35,239
Deferred revenue	\$1,239		\$16,359			\$13,500	40,093
Due to component units							125,000
Due to other governments							187,500
Due to other funds							460,266
Advance from other funds							
Total liabilities	<u>1,239</u>	<u>--</u>	<u>16,359</u>	<u>--</u>	<u>--</u>	<u>13,500</u>	<u>1,020,557</u>
Fund equity (deficit)							
Fund balances (deficits)	1,863	\$281	(12)	\$25,300	\$11	433	1,323,933
Unreserved - undesignated	1,863	281	(12)	25,300	11	433	1,323,933
Total fund equity (deficit)	<u>\$3,102</u>	<u>\$281</u>	<u>\$16,347</u>	<u>\$25,300</u>	<u>\$11</u>	<u>\$13,933</u>	<u>\$2,344,490</u>

The accompanying notes are an integral part of these financial statements.

ST. MARY PARISH COUNCIL

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Nonmajor Special Revenue Funds  
 For the Year Ending December 31, 2003

	Gaming Receipt Fund	Community Grant Fund	Wards 5 & 8 Sales Tax Fund	Wards 1,2,3,4,7 & 10 Sales Tax Fund	Hurricane Lili Fund	Re-entry Drug Court Fund	Jail Operating & Maint. Fund
<b>REVENUES</b>							
Taxes			\$237,042	\$302,824			\$661,658
Sales and use					\$225,831	\$124,066	
Intergovernmental revenues							
Federal grants							
State funds			20,000	20,000	326,021		
State grants		\$1,500,000					
Chitimacha tribal grant							
Licenses & Permits							
Fees, Charges, & Commission		4,491	2,349	4,700			479,069
Investment earnings & interest	\$230						1,381
Total revenues	230	1,504,491	259,391	327,524	551,852	124,066	1,142,108
<b>EXPENDITURES</b>							
Current:							
General government					420		
Public safety		638,647	10,000	59,273	214,835		891,741
Public works		25,313	50,971	141,141			
Culture & Recreation			314,243	258,998			
Health & Welfare			2,000	36,395		134,301	
Capital outlay							
Total expenditures	-	663,960	377,214	495,807	215,255	134,301	891,741
Excess (deficiency) of revenues over (under) expenditures	230	840,531	(117,823)	(168,283)	336,597	(10,235)	250,367
<b>OTHER FINANCING SOURCES</b>							
Operating transfers in		(1,072,653)		89,677			31,792
Operating transfers out			(3,402)	(50,000)			(518,916)
Total other financing sources (uses)	-	(1,072,653)	(3,402)	39,677	--	--	(487,124)
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	230	(232,122)	(121,225)	(128,606)	336,597	(10,235)	(236,757)
Fund balance (deficits) as previously stated	26,547	341,450	220,019	520,168	(139,728)	1	194,588
Prior period adjustment			22,426	27,045			59,592
Fund balance (deficits) as restated	26,547	341,450	242,445	547,213	(139,728)	1	254,180
Fund balance (deficits) at end of year	\$26,777	\$109,328	\$121,220	\$418,607	\$196,869	(\$10,234)	\$17,423

The accompanying notes are an integral part of these financial statements.

ST. MARY PARISH COUNCIL

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Nonmajor Special Revenue Funds  
 For the Year Ending December 31, 2003

	Boat Landing Funds						
	Boat Landing Permit Fund	Lawrence J. Michel, Jr. Memorial Fund	Joe C. Russo Fund	Jesse Fontenot Memorial Fund	Marcel Fund	Quintana Fund	Jessie B. Hayes Memorial Fund
<b>REVENUES</b>							
Taxes							
Sales and use							
Intergovernmental revenues							
Federal grants			\$14,372	\$137,689		\$59,496	
State funds							
State grants							
Chitimacha tribal grant	\$22,526						
Licenses & Permits		\$2,353	4,214	16,916	\$9,713	1,097	\$2,990
Fees, Charges, & Commission	736	185	186	787	342	1,173	156
Investment earnings & interest							
Total revenues	23,262	2,538	18,772	155,392	10,055	61,766	3,146
<b>EXPENDITURES</b>							
Current:							
General government							
Public safety							
Public works							
Culture & Recreation	74		33,347	425	480	2,815	843
Health & Welfare				94,745			
Capital outlay							
Total expenditures	74	--	33,347	95,170	480	2,815	843
Excess (deficiency) of revenues over (under) expenditures	23,188	2,538	(14,575)	60,222	9,575	58,951	2,303
<b>OTHER FINANCING SOURCES</b>							
Operating transfers in							
Operating transfers out	(20,000)						
Total other financing sources (uses)	(20,000)	--	20,000	--	--	--	--
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	3,188	2,538	5,425	60,222	9,575	58,951	2,303
Fund balance (deficits) as previously stated	63,625	19,657	8,149	70,882	33,594	61,767	16,191
Prior period adjustment							
Fund balance (deficits) as restated	63,625	19,657	8,149	70,882	33,594	61,767	16,191
Fund balance (deficits) at end of year	\$66,813	\$22,195	\$13,574	\$131,104	\$43,169	\$120,718	\$18,494

The accompanying notes are an integral part of these financial statements.

ST. MARY PARISH COUNCIL

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Nonmajor Special Revenue Funds  
 For the Year Ending December 31, 2003

	Local Law Enforcement Block Grant Fund	16th Judicial Dist. Drug Court, Byrne Federal Grant Fund	Local Law Enforcement Block Grant # 2 Fund	OJP Juvenile Drug Court Fund	Drug Court Enhancement Fund	Juvenile Incentive Block Grant	Total Nonmajor Special Revenue Funds
<b>REVENUES</b>							
Taxes							\$1,201,524
Sales and use							
Intergovernmental revenues			\$32,191			\$61,081	654,726
Federal grants							366,021
State funds							1,500,000
State grants							22,526
Chitimacha tribal grant							521,319
Licenses & Permits				\$4,967			16,716
Fees, Charges, & Commission							
Investment earnings & interest							
Total revenues	--	--	32,191	4,967	--	61,081	4,282,832
<b>EXPENDITURES</b>							
Current:							
General government			32,206			67,866	100,492
Public safety							1,814,496
Public works							217,425
Culture & Recreation							611,225
Health & Welfare							172,696
Capital outlay							94,745
Total expenditures	--	--	32,206	--	--	67,866	3,011,079
Excess (deficiency) of revenues over (under) expenditures	--	--	(15)	4,967	--	(6,785)	1,271,753
<b>OTHER FINANCING SOURCES</b>							
Operating transfers in							141,469
(Operating transfers out							(1,664,971)
Total other financing sources (uses)							(1,523,502)
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	--	--	(15)	4,967	--	(6,785)	(251,749)
Fund balance (deficits) as previously stated	\$1,863	\$281	3	20,333	\$11	7,218	1,466,619
Prior period adjustment							109,063
Fund balance (deficits) as restated	1,863	281	3	20,333	11	7,218	1,575,682
Fund balance (deficits) at end of year	\$1,863	\$281	(\$12)	\$25,300	\$11	\$433	\$1,323,933

The accompanying notes are an integral part of these financial statements.

ST. MARY PARISH COUNCIL

Budgetary Comparison Schedule  
Community Grant Fund  
For the Year Ended December 31, 2003

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Chitimatcha tribal grant	\$1,500,000	\$1,500,000	\$1,500,000	
Investment earnings & interest	5,100	3,930	4,491	\$561
Total revenues	<u>1,505,100</u>	<u>1,503,930</u>	<u>1,504,491</u>	<u>561</u>
<b>EXPENDITURES</b>				
Current:				
Public safety				
Sheriff	175,000	175,000	175,000	
City of Franklin	75,000	75,000	75,000	
Town of Berwick	25,000	25,000	25,000	
City of Patterson	25,000	25,000	25,000	
Town of Baldwin	477,115	313,647	313,647	
City of Morgan City	25,000	25,000	25,000	
Public works				
Street lighting		25,000	25,313	(313)
Total expenditures	<u>802,115</u>	<u>663,647</u>	<u>663,960</u>	<u>(313)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>702,985</u>	<u>840,283</u>	<u>840,531</u>	<u>248</u>
<b>OTHER FINANCING SOURCES</b>				
Operating transfers out				
Certificates of Indebtedness Sinking Fund	(447,885)	(611,353)	(611,353)	
Capital Improvement Fund		(461,300)	(461,300)	
Total other financing sources (uses)	<u>(447,885)</u>	<u>(1,072,653)</u>	<u>(1,072,653)</u>	<u>--</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	<u>255,100</u>	<u>(232,370)</u>	<u>(232,122)</u>	<u>248</u>
Fund balance at beginning of year	<u>390,966</u>	<u>341,450</u>	<u>341,450</u>	
Fund balance at end of year	<u>\$646,066</u>	<u>\$109,080</u>	<u>\$109,328</u>	<u>\$248</u>

ST. MARY PARISH COUNCIL

Budgetary Comparison Schedule  
 Wards 5 & 8 Sales Tax Fund  
 For the Year Ended December 31, 2003

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Taxes				
Sales and use	\$210,000	\$237,170	\$237,042	(\$128)
Intergovernmental revenues				
State funds				
State grants		20,000	20,000	
Investment earnings & interest	4,200	2,921	2,349	(572)
Total revenues	<u>214,200</u>	<u>260,091</u>	<u>259,391</u>	<u>(700)</u>
<b>EXPENDITURES</b>				
Current:				
General government	3,300	3,300		3,300
Public safety				
Fire fighting	10,000	10,000	10,000	
Public works				
Street lighting	25,000	30,018	32,504	(2,486)
Drainage flood control		22,900	16,900	6,000
Wax Lake East Drainage District	6,200	2,200	1,567	633
Culture & Recreation				
Bayou Vista Recreation Area	29,300	49,991	34,990	15,001
Recreation District #3	55,000	130,000	123,703	6,297
Recreation District #4	79,000	150,000	150,000	
Other	1,700	4,700	5,550	(850)
Health & Welfare				
St. Mary Center of Hope		2,000	2,000	
Total expenditures	<u>209,500</u>	<u>405,109</u>	<u>377,214</u>	<u>27,895</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,700</u>	<u>(145,018)</u>	<u>(117,823)</u>	<u>27,195</u>
<b>OTHER FINANCING SOURCES</b>				
Operating transfers out				
Wards 1,2,3,4,7, & 10 Sales Tax Ward		(3,402)	(3,402)	
Total other financing sources (uses)	<u>--</u>	<u>(3,402)</u>	<u>(3,402)</u>	<u>--</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	<u>4,700</u>	<u>(148,420)</u>	<u>(121,225)</u>	<u>27,195</u>
Fund balance (deficits) as previously stated	229,063	220,019	220,019	
Prior period adjustment			22,426	22,426
Fund balance (deficits) as restated	<u>229,063</u>	<u>220,019</u>	<u>242,445</u>	<u>22,426</u>
Fund balance (deficits) at end of year	<u>\$233,763</u>	<u>\$71,599</u>	<u>\$121,220</u>	<u>\$49,621</u>

ST. MARY PARISH COUNCIL

Budgetary Comparison Schedule  
Wards 1, 2, 3, 4, 7, & 10 Sales Tax Fund  
For the Year Ended December 31, 2003

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
<b>Taxes</b>				
Sales and use	\$285,000	\$306,110	\$302,824	(\$3,286)
<b>Intergovernmental revenues</b>				
State funds				
State grants		45,000	20,000	(25,000)
Investment earnings & interest	7,650	4,771	4,700	(71)
<b>Total revenues</b>	<u>292,650</u>	<u>355,881</u>	<u>327,524</u>	<u>(28,357)</u>
<b>EXPENDITURES</b>				
<b>Current:</b>				
<b>Public safety</b>				
Fire fighting	50,523	51,925	51,925	
Adult Correctional Institute	1,500	7,348	7,348	
<b>Public works</b>				
Drainage flood control		42,400	29,584	12,816
Sidewalks & crosswalks		20,000	19,017	983
Street lighting	83,200	85,450	92,540	(7,090)
Sewerage	27,000			
<b>Culture &amp; Recreation</b>				
Administrative		6,896	6,896	
Elizabeth B. Davis Park	108,243	32,437	24,978	7,459
Hebert-Washington Park	46,183	47,667	31,635	16,032
City of Franklin	3,333	24,333	24,333	
Sorrell Park		10,000	2,050	7,950
North Bend Boat Launch		27,500	4,020	23,480
Baldwin & Charenton Recreation		139,913	139,933	(20)
St. Joseph Recreation Area		4,907	4,907	
Centerville Park		1,942	1,942	
Verdunville Park		16,423	16,453	(30)
Recreation District #5		1,500	1,500	
Other		3,400	351	3,049
<b>Health &amp; Welfare</b>		36,395	36,395	
<b>Total expenditures</b>	<u>319,982</u>	<u>560,436</u>	<u>495,807</u>	<u>64,629</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(27,332)</u>	<u>(204,555)</u>	<u>(168,283)</u>	<u>36,272</u>
<b>OTHER FINANCING SOURCES</b>				
<b>Operating transfers in</b>				
General fund		86,275	86,275	
Wards 5 & 8 Sales Tax fund		3,402	3,402	
<b>Operating transfers out</b>				
Franklin & Vicinity fund		(50,000)	(50,000)	
<b>Total other financing sources (uses)</b>	<u>--</u>	<u>39,677</u>	<u>39,677</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	<u>(27,332)</u>	<u>(164,878)</u>	<u>(128,606)</u>	<u>36,272</u>
Fund balance (deficits) as previously stated	340,253	520,168	520,168	
Prior period adjustment			27,045	27,045
Fund balance (deficits) as restated	<u>340,253</u>	<u>520,168</u>	<u>547,213</u>	<u>27,045</u>
Fund balance (deficits) at end of year	<u>\$312,921</u>	<u>\$355,290</u>	<u>\$418,607</u>	<u>\$63,317</u>

The accompanying notes are an integral part of these financial statements.

ST. MARY PARISH COUNCIL

Budgetary Comparison Schedule

Hurricane Lili Fund

For the Year Ended December 31, 2003

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Intergovernmental revenues				
Federal grants		\$642,733	\$225,831	(\$416,902)
State funds				
State grants		101,843	326,021	224,178
Total revenues	<u>0</u>	<u>744,576</u>	<u>551,852</u>	<u>(192,724)</u>
<b>EXPENDITURES</b>				
Current:				
General government		420	420	
Public safety		286,152	214,835	71,317
Total expenditures	<u>0</u>	<u>286,572</u>	<u>215,255</u>	<u>71,317</u>
Excess (deficiency) of revenues over (under) expenditures	0	458,004	336,597	(121,407)
Fund balance (deficits) at beginning of year	<u>0</u>	<u>(139,728)</u>	<u>(139,728)</u>	
Fund balance (deficits) at end of year	<u>\$0</u>	<u>\$318,276</u>	<u>\$196,869</u>	<u>(\$121,407)</u>

ST. MARY PARISH COUNCIL

Budgetary Comparison Schedule  
 Jail Operating & Maintenance Fund  
 For the Year Ended December 31, 2003

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Taxes				
Sales and use	\$636,924	\$663,571	\$661,658	(\$1,913)
Fees, Charges, & Commission	512,200	479,654	479,069	(585)
Investment earnings & interest	700	2,216	1,381	(835)
Total revenues	<u>1,149,824</u>	<u>1,145,441</u>	<u>1,142,108</u>	<u>(3,333)</u>
<b>EXPENDITURES</b>				
Current:				
Public safety				
Administration	69,500	30,950	28,241	2,709
Adult Correctional Institution	721,683	523,307	564,673	(41,366)
Cost for Juvenile Prisoners	150,000	90,000	94,147	(4,147)
Adult Correctional Institution - Morgan City Jail	75,000	208,648	204,680	3,968
Total expenditures	<u>1,016,183</u>	<u>852,905</u>	<u>891,741</u>	<u>(38,836)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>133,641</u>	<u>292,536</u>	<u>250,367</u>	<u>(42,169)</u>
<b>OTHER FINANCING SOURCES</b>				
Operating transfers in				
General Fund	239,395	31,792	31,792	
Operating transfers out				
Jail Sinking Fund	(494,206)	(494,206)	(494,206)	
Jail Reserve Fund	(24,710)	(24,710)	(24,710)	
Total other financing sources (uses)	<u>(279,521)</u>	<u>(487,124)</u>	<u>(487,124)</u>	<u>--</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	<u>(145,880)</u>	<u>(194,588)</u>	<u>(236,757)</u>	<u>(42,169)</u>
Fund balance (deficits) as previously stated	145,880	194,588	194,588	
Prior period adjustment			59,592	59,592
Fund balance (deficits) as restated	<u>145,880</u>	<u>194,588</u>	<u>254,180</u>	<u>59,592</u>
Fund balance (deficits) at end of year	<u>--</u>	<u>--</u>	<u>\$17,423</u>	<u>\$17,423</u>

ST. MARY PARISH COUNCIL

Budgetary Comparison Schedule  
 Boat Landing Permit Fund  
 For the Year Ended December 31, 2003

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Licenses & Permits	\$20,000	\$21,500	\$22,526	\$1,026
Investment earnings & interest	910	736	736	
Total revenues	<u>20,910</u>	<u>22,236</u>	<u>23,262</u>	<u>1,026</u>
<b>EXPENDITURES</b>				
Current:				
Culture & Recreation	10,000	74	74	
Total expenditures	<u>10,000</u>	<u>74</u>	<u>74</u>	<u>--</u>
Excess (deficiency) of revenues over (under) expenditures	<u>10,910</u>	<u>22,162</u>	<u>23,188</u>	<u>1,026</u>
<b>OTHER FINANCING SOURCES</b>				
Operating transfers out				
Joe C. Russo Boat Landing Fund		(20,000)	(20,000)	
Total other financing sources (uses)	<u>--</u>	<u>(20,000)</u>	<u>(20,000)</u>	<u>--</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	10,910	2,162	3,188	1,026
Fund balance (deficits) at beginning of year	<u>64,358</u>	<u>63,625</u>	<u>63,625</u>	
Fund balance (deficits) at end of year	<u>\$75,268</u>	<u>\$65,787</u>	<u>\$66,813</u>	<u>\$1,026</u>

ST. MARY PARISH COUNCIL

Budgetary Comparison Schedule  
 Lawrence J. Michel, Jr. Memorial Boat Landing Fund  
 For the Year Ended December 31, 2003

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Fees, Charges, & Commission	\$2,500	\$2,500	\$2,353	(\$147)
Investment earnings & interest	200	200	185	(15)
Total revenues	<u>2,700</u>	<u>2,700</u>	<u>2,538</u>	<u>(162)</u>
<b>EXPENDITURES</b>				
Current:				
Culture & Recreation	<u>18,226</u>	<u>          </u>	<u>          </u>	<u>          </u>
Total expenditures	<u>18,226</u>	<u>          </u>	<u>          </u>	<u>          </u>
Excess (deficiency) of revenues over (under) expenditures	(15,526)	2,700	2,538	(162)
Fund balance (deficits) at beginning of year	<u>18,026</u>	<u>19,657</u>	<u>19,657</u>	<u>          </u>
Fund balance (deficits) at end of year	<u>\$2,500</u>	<u>\$22,357</u>	<u>\$22,195</u>	<u>(\$162)</u>

ST. MARY PARISH COUNCIL

Budgetary Comparison Schedule  
 Joe C. Russo Boat Landing Fund  
 For the Year Ended December 31, 2003

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Intergovernmental revenues				
Federal grants		\$14,372	\$14,372	
Fees, Charges, & Commission	\$4,300	4,300	4,214	(\$86)
Investment earnings & interest	200	200	186	(14)
Total revenues	<u>4,500</u>	<u>18,872</u>	<u>18,772</u>	<u>(100)</u>
<b>EXPENDITURES</b>				
Current:				
Culture & Recreation	5,000	32,721	33,347	(626)
Total expenditures	<u>5,000</u>	<u>32,721</u>	<u>33,347</u>	<u>(626)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(500)</u>	<u>(13,849)</u>	<u>(14,575)</u>	<u>(726)</u>
<b>OTHER FINANCING SOURCES</b>				
Operating transfers in				
Boat Landing Permit Fund		20,000	20,000	
Total other financing sources (uses)	<u>--</u>	<u>20,000</u>	<u>20,000</u>	<u>--</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	<u>(500)</u>	<u>6,151</u>	<u>5,425</u>	<u>(726)</u>
Fund balance (deficits) at beginning of year	<u>4,800</u>	<u>8,149</u>	<u>8,149</u>	
Fund balance (deficits) at end of year	<u>\$4,300</u>	<u>\$14,300</u>	<u>\$13,574</u>	<u>(\$726)</u>

ST. MARY PARISH COUNCIL

Budgetary Comparison Schedule  
 Jesse Fontenot Memorial Boat Landing Fund  
 For the Year Ended December 31, 2003

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Intergovernmental revenues				
Federal grants		\$111,750	\$137,689	\$25,939
Fees, Charges, & Commission	\$13,250	14,750	16,916	2,166
Investment earnings & interest	1,450	907	787	(120)
Total revenues	<u>14,700</u>	<u>127,407</u>	<u>155,392</u>	<u>27,985</u>
<b>EXPENDITURES</b>				
Current:				
Culture & Recreation			425	(425)
Capital outlay	17,750	103,977	94,745	9,232
Total expenditures	<u>17,750</u>	<u>103,977</u>	<u>95,170</u>	<u>8,807</u>
Excess (deficiency) of revenues over (under) expenditures	(3,050)	23,430	60,222	19,178
Fund balance (deficits) at beginning of year	<u>16,300</u>	<u>70,882</u>	<u>70,882</u>	<u>          </u>
Fund balance (deficits) at end of year	<u><u>\$13,250</u></u>	<u><u>\$94,312</u></u>	<u><u>\$131,104</u></u>	<u><u>\$19,178</u></u>

ST. MARY PARISH COUNCIL

Budgetary Comparison Schedule  
 Marcel Boat Landing Fund  
 For the Year Ended December 31, 2003

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Fees, Charges, & Commission	\$7,800	\$8,300	\$9,713	\$1,413
Investment earnings & interest	300	300	342	42
Total revenues	<u>8,100</u>	<u>8,600</u>	<u>10,055</u>	<u>1,455</u>
<b>EXPENDITURES</b>				
Current:				
Culture & Recreation	<u>36,437</u>	<u>480</u>	<u>480</u>	
Total expenditures	<u>36,437</u>	<u>480</u>	<u>480</u>	<u>--</u>
Excess (deficiency) of revenues over (under) expenditures	(28,337)	8,120	9,575	1,455
Fund balance (deficits) at beginning of year	<u>36,137</u>	<u>33,594</u>	<u>33,594</u>	
Fund balance (deficits) at end of year	<u>\$7,800</u>	<u>\$41,714</u>	<u>\$43,169</u>	<u>\$1,455</u>

ST. MARY PARISH COUNCIL

Budgetary Comparison Schedule  
 Quintana Boat Landing Fund  
 For the Year Ended December 31, 2003

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Intergovernmental revenues				
Federal grants		\$75,496	\$59,496	(\$16,000)
Fees, Charges, & Commission	\$10,000	1,130	1,097	(33)
Investment earnings & interest	1,020	1,020	1,173	153
Total revenues	<u>11,020</u>	<u>77,646</u>	<u>61,766</u>	<u>(15,880)</u>
<b>EXPENDITURES</b>				
Current:				
Culture & Recreation	51,122	25,842	2,815	23,027
Total expenditures	<u>51,122</u>	<u>25,842</u>	<u>2,815</u>	<u>23,027</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(40,102)</u>	<u>51,804</u>	<u>58,951</u>	<u>(38,907)</u>
Fund balance (deficits) at beginning of year	<u>50,102</u>	<u>61,767</u>	<u>61,767</u>	
Fund balance (deficits) at end of year	<u>\$10,000</u>	<u>\$113,571</u>	<u>\$120,718</u>	<u>(\$38,907)</u>

ST. MARY PARISH COUNCIL

Budgetary Comparison Schedule  
 Jessie B. Hayes Memorial Boat Landing Fund  
 For the Year Ended December 31, 2003

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Fees, Charges, & Commission	\$3,250	\$2,950	\$2,990	\$40
Investment earnings & interest	170	170	156	(14)
Total revenues	<u>3,420</u>	<u>3,120</u>	<u>3,146</u>	<u>26</u>
<b>EXPENDITURES</b>				
Current:				
Culture & Recreation	<u>17,516</u>	<u>843</u>	<u>843</u>	<u>—</u>
Total expenditures	<u>17,516</u>	<u>843</u>	<u>843</u>	<u>—</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(14,096)</u>	<u>2,277</u>	<u>2,303</u>	<u>26</u>
Fund balance (deficits) at beginning of year	<u>17,346</u>	<u>16,191</u>	<u>16,191</u>	<u>—</u>
Fund balance (deficits) at end of year	<u><u>\$3,250</u></u>	<u><u>\$18,468</u></u>	<u><u>\$18,494</u></u>	<u><u>\$26</u></u>

**ST. MARY PARISH COUNCIL  
COMBINING FINANCIAL STATEMENTS  
DEBT SERVICE FUNDS - NON MAJOR**

**SALES TAX BOND SINKING FUND**

The Sales Tax Bond Sinking Fund accounts for the Council's share of a one percent sales tax which is to be used for the retirement of the 1994 bond issue totaling \$5,600,000 and the 1996 bond issue totaling \$1,965,000. Any amounts accumulated in excess of debt service requirements can be used by the parish for any lawful purpose.

**SALES TAX BOND RESERVE FUND 1994, 1996**

The Sales Tax Bond Reserve Fund 1994, 1996 is a reserve fund required by the \$1,965,000 1996 bond issue indenture and the \$5,600,000 1994 bond issue indenture.

**THREE-FOURTHS PERCENT SALES TAX BOND RESERVE FUND**

The Three-Fourths Percent Sales Tax Bond Reserve Fund is a reserve fund required by the \$5,500,000 1993 refunding bond issue indenture.

**THREE-FOURTHS PERCENT SALES TAX BOND SINKING FUND**

The Three-Fourths Percent Sales Tax Bond Sinking Fund accumulates that portion of the three-fourths percent sales tax needed for the payment of \$5,500,000 1993 refunding bond issue.

**LIBRARY GENERAL OBLIGATION 1996 SINKING FUND**

The Library General Obligation Sinking Fund accounts for the transfer of ad valorem taxes from the Library Fund and payment of the \$2,200,000 of general obligation bonds.

**CERTIFICATES OF INDEBTEDNESS, (1997, 1999, 2000 and 2002 A & B) SINKING FUND**

The Certificate of Indebtedness, (1997, 1999, 2000 and 2002 A & B) Fund accounts for the transfer of gaming receipts from the Gaming Receipt Fund and repayment of the \$2,105,000 Certificates of Indebtedness and the transfer of revenues from the Solid Waste and Reduction Fund for repayment of the \$750,000 Certificates of Indebtedness and the transfer of revenues from the Road Construction and Maintenance Fund for repayment of the \$4,500,000 Road Bonds. This fund also accounts for the transfer of revenues for the payment of the \$3,000,000 Public Parks and Recreation Bonds.

## PAVING FUNDS

The Debt Service Paving Funds account for the financing of construction of street paving improvements along certain streets within the Parish with the property owners paying part of the cost.

## JAIL SINKING FUND

The Jail Sinking Fund accounts for the payment of \$2,800,000 Series A, 1999 revenue bonds, \$1,196,000 Series B, 1999 revenue bonds and \$1,300,000, Series 2000 revenue bonds; and the transfer of excess revenues over expenditures from the Jail Operating Fund.

## JAIL RESERVE FUND

The Jail Reserve Fund is a reserve fund required by the \$2,800,000 Series A, 1999 revenue bonds, the \$1,196,000 Series B, 1999 revenue bonds and \$1,300,000, Series 2000 revenue bonds.

**ST. MARY PARISH COUNCIL**

Combining Balance Sheet  
Nonmajor Debt Service Funds  
December 31, 2003

	Sales Tax Bond <u>Sinking Fund</u>	Sales Tax Bond Reserve <u>Fund 1994,1996</u>	3/4% Sales Tax Bond <u>Reserve Fund</u>	3/4% Sales Tax Bond <u>Sinking Fund</u>	St. Mary Parish Library Gen. Oblig. <u>96 Sink. Fund</u>	Certificates of Indebtedness Sinking <u>Fund</u>	Paving Series N <u>Fund</u>
<b>ASSETS</b>							
Cash and cash equivalents			\$410,243		\$219,896	\$391,530	\$43,508
Investments	\$231,863	\$662,167	468,261	\$385,711	173,010		
Receivables (net of allowances for uncollectibles)				117,260			132,051
Due from component units	234,139				280,750		
Due from other governments						187,500	
Due from other funds							
Advance to other funds	126,385			296,656			
Total assets	<u>\$592,387</u>	<u>\$662,167</u>	<u>\$878,504</u>	<u>\$799,627</u>	<u>\$673,656</u>	<u>\$579,030</u>	<u>\$175,559</u>
<b>LIABILITIES AND FUND EQUITY</b>							
Liabilities							
Accounts payable	\$176						\$75,973
Deferred revenue	41,807	\$206,986					
Advance from other funds	41,983	206,986	--	--	--	--	75,973
Total liabilities							
Fund equity (deficit)							
Fund balances (deficits)							
Reserved for non-current portion of receivables	126,385			\$117,260			
Reserved for debt service	100,686	455,181	\$866,250	72,200	\$181,665		99,586
Unreserved - undesignated	323,333		12,254	610,167	491,991	\$579,030	
Total fund equity (deficit)	550,404	455,181	878,504	799,627	673,656	579,030	99,586
Total liabilities and fund equity	<u>\$592,387</u>	<u>\$662,167</u>	<u>\$878,504</u>	<u>\$799,627</u>	<u>\$673,656</u>	<u>\$579,030</u>	<u>\$175,559</u>

The accompanying notes are an integral part of these financial statements.

**ST. MARY PARISH COUNCIL**

Combining Balance Sheet  
Nonmajor Debt Service Funds  
December 31, 2003

	Paving Series O Fund	1995 Paving Jupiter Green Acres # 2	2002 Paving Delmar Pluto	Jail Sinking Fund	Jail Reserve Fund	Total Nonmajor Debt Service Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$72,058	\$18,201	\$1,188	\$323,424	\$99,993	\$1,580,041
Investments						1,921,012
Receivables (net of allowances for uncollectibles)	109,915	45,435	100,170			387,571
Due from component units						117,260
Due from other governments						514,889
Due from other funds						187,500
Advance to other funds						423,041
Total assets	<u>\$181,973</u>	<u>\$63,636</u>	<u>\$101,358</u>	<u>\$323,424</u>	<u>\$99,993</u>	<u>\$5,131,314</u>
<b>LIABILITIES AND FUND EQUITY</b>						
Liabilities						
Accounts payable						\$176
Deferred revenue	\$64,329	\$11,500	\$84,255			236,057
Advance from other funds						248,793
Total liabilities	<u>64,329</u>	<u>11,500</u>	<u>84,255</u>	<u>--</u>	<u>--</u>	<u>485,026</u>
Fund equity (deficit)						
Fund balances (deficits)						
Reserved for non-current portion of receivables						243,645
Reserved for debt service	117,644	52,136	17,103	\$309,689	\$99,993	2,372,133
Unreserved - undesignated				13,735		2,030,510
Total fund equity (deficit)	<u>117,644</u>	<u>52,136</u>	<u>17,103</u>	<u>323,424</u>	<u>99,993</u>	<u>4,646,288</u>
Total liabilities and fund equity	<u>\$181,973</u>	<u>\$63,636</u>	<u>\$101,358</u>	<u>\$323,424</u>	<u>\$99,993</u>	<u>\$5,131,314</u>

The accompanying notes are an integral part of these financial statements.

ST. MARY PARISH COUNCIL

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Nonmajor Debt Service Funds  
 For the Year Ending December 31, 2003

	Sales Tax Bond	Sales Tax Reserve Fund	3/4% Sales Tax Bond	3/4% Sales Tax Bond	3/4% Sales Tax Bond	St. Mary Parish Library Gen. Oblig. 96 Sink. Fund	Certificates of Indebtedness Sinking Fund	Paving Series N Fund
REVENUES								
Taxes								
Sales and use	\$1,410,998							
Ad Valorem					\$282,649			
Intergovernmental revenues								
State funds								
State revenue sharing					78			
Sewerage District No. 2				\$378,896				
Sewerage District No. 8				122,953				
Chitimatcha tribal grant								\$26,141
Special assessments								565
Investment earnings & interest	7,920	\$16,080	\$31,028	7,201	4,766	\$3,060		
Total revenues	1,418,918	16,080	31,028	509,050	287,493	3,060		26,706
EXPENDITURES								
Current:								
General government		532	17,538		8,959			
Debt service								
Principal	864,453			785,000	85,000	585,000		32,209
Interest	347,656			80,108	95,065	452,268		9,180
Fees	30,866			176	1,043	887		200
Total expenditures	1,242,975	532	17,538	865,284	190,067	1,038,155		41,589
Excess (deficiency) of revenues over (under) expenditures	175,943	15,548	13,490	(356,234)	97,426	(1,035,095)		(14,883)
OTHER FINANCING SOURCES								
Proceeds from bonds	2,913,826							
Payment to refunding bond escrow agent	(2,885,257)							
Operating transfers in	281,003			391,356		1,203,161		
Operating transfers out	(691,241)		(28,049)					
Total other financing sources (uses)	(381,669)	(281,003)	(28,049)	391,356	--	1,203,161		--
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(205,726)	(265,455)	(14,559)	35,122	97,426	168,066		(14,883)
Fund balance (deficits) as previously stated	630,951	720,636	893,063	764,505	576,230	410,964		114,469
Prior period adjustment	125,179							
Fund balance (deficits) as restated	756,130	720,636	893,063	764,505	576,230	410,964		114,469
Fund balance (deficits) at end of year	\$550,404	\$455,181	\$878,504	\$799,627	\$673,656	\$579,030		\$99,586

The accompanying notes are an integral part of these financial statements.

ST. MARY PARISH COUNCIL

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Nonmajor Debt Service Funds  
 For the Year Ending December 31, 2003

	Paving Series O Fund	1995 Paving Jupiter Green Acres # 2	2002 Paving Delmar Pluto	Jail Sinking Fund	Jail Reserve Fund	Total Nonmajor Debt Service Funds
<b>REVENUES</b>						
Taxes						\$1,410,998
Sales and use						282,649
Ad Valorem						78
Intergovernmental revenues						378,896
State funds						122,953
State revenue sharing						0
Sewerage District No. 2						91,228
Sewerage District No. 8						74,247
Chitimacha tribal grant						
Special assessments	\$24,361	\$15,911	\$24,815	\$1,572	\$780	
Investment earnings & interest	815	320	140			
Total revenues	25,176	16,231	24,955	1,572	780	2,361,049
<b>EXPENDITURES</b>						
Current:						27,029
General government						
Debt service						2,642,841
Principal	23,643	26,380		241,156		
Interest	8,275	5,045		248,530		
Fees	800		7,852	1,200		
Total expenditures	32,718	31,425	7,852	490,886	--	3,959,021
Excess (deficiency) of revenues over (under) expenditures	(7,542)	(15,194)	17,103	(489,314)	780	(1,597,972)
<b>OTHER FINANCING SOURCES</b>						
Proceeds from bonds						2,913,826
Payment to refunding bond escrow agent						(2,885,257)
Operating transfers in				494,206	24,710	2,394,436
Operating transfers out						(1,000,293)
Total other financing sources (uses)	--	--	--	494,206	24,710	1,422,712
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(7,542)	(15,194)	17,103	4,892	25,490	(175,260)
Fund balance (deficits) as previously stated	125,186	67,330	--	318,532	74,503	4,696,369
Prior period adjustment						125,179
Fund balance (deficits) as restated	125,186	67,330	--	318,532	74,503	4,821,548
Fund balance (deficits) at end of year	\$117,644	\$52,136	\$17,103	\$323,424	\$99,993	\$4,646,288

The accompanying notes are an integral part of these financial statements.

**ST. MARY PARISH COUNCIL  
COMBINING FINANCIAL STATEMENTS  
CAPITAL PROJECTS FUNDS - NON MAJOR**

**SEWERAGE CONSTRUCTION FUNDS**

The Franklin and Vicinity, Cypremort Point and Vicinity, and Morgan City and Vicinity Sewer Construction Funds account for the financing, acquiring, constructing, and extending sewers and sewerage disposal systems within the various vicinities. Transfers of sales tax collections from other funds and Federal grants are the major sources of funding.

**SPINE ROAD CONSTRUCTION FUND**

The Spine Road Construction Fund accounts for the financing and construction of the new road linking Highway 90 and the Chitimacha Indian Reservation.

**JAIL CONSTRUCTION FUND**

The Jail Construction Fund accounts for the financing and construction of the new St. Mary Parish Law Enforcement Center and renovations to the existing jail facility in the courthouse.

ST. MARY PARISH COUNCIL

Combining Balance Sheet  
Nonmajor Capital Projects Funds  
December 31, 2003

	Franklin & Vicinity Fund	Morgan City & Vicinity Fund	Cypremort Point & Vicinity Fund	Spine Road Construction Fund	Jail Construction Fund	Total Nonmajor Capital Projects Funds
Cash and cash equivalents	\$154,228	\$65,956	\$743,065		\$544,686	\$1,507,935
Investments		213,286	857,406		392,708	1,463,400
Due from component units	48,759		216,891			265,650
Due from other governments	11,184					11,184
Due from other funds	19,063	2,701	20,512			42,276
Advance to other funds	226		688,471		109,492	798,189
Total assets	\$233,460	\$281,943	\$2,526,345	--	\$1,046,886	\$4,088,634

LIABILITIES AND FUND EQUITY

Liabilities						
Accounts payable	\$34,402		\$27			\$34,429
Contracts payable	87,093				\$5,000	87,093
Retainage Payable			50,000			50,000
Due to other funds	100,000		141,891	\$7,780		249,671
Advance from other funds						
Total liabilities	221,495	--	191,918	7,780	5,000	426,193

Fund equity (deficit)			216,891			216,891
Fund balances (deficits)			2,117,536	(7,780)	1,041,886	3,445,550
Reserved for non-current portion of receivables						
Unreserved - undesignated	11,965	\$281,943	2,334,427	(7,780)	1,041,886	3,662,441
Total fund equity (deficit)	11,965	281,943	2,334,427	(7,780)	1,041,886	3,662,441
Total liabilities and fund equity	\$233,460	\$281,943	\$2,526,345	--	\$1,046,886	\$4,088,634

The accompanying notes are an integral part of these financial statements.

ST. MARY PARISH COUNCIL

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Nonmajor Capital Projects Funds  
 For the Year Ending December 31, 2003

	Franklin & Vicinity Fund	Morgan City & Vicinity Fund	Cypremort Point & Vicinity Fund	Spine Road Construction Fund	Jail Construction Fund	Total Nonmajor Capital Projects Funds
<b>REVENUES</b>						
Intergovernmental revenues	\$51,372					\$51,372
Sewerage District No. 7	1,570	\$2,960	\$45,705	\$18	\$11,628	61,881
Investment earnings & interest	52,942	2,960	45,705	18	11,628	113,253
Total revenues						
<b>EXPENDITURES</b>						
Current:						
General government			9,710			9,710
Public safety		10,000	3,477			13,477
Public works	441,701			8,306		450,007
Sanitation		25,000	126,796			151,796
Health & Welfare			376			376
Capital outlay					63,751	63,751
Total expenditures	441,701	35,000	140,359	8,306	63,751	689,117
Excess (deficiency) of revenues over (under) expenditures	(388,759)	(32,040)	(94,654)	(8,288)	(52,123)	(575,864)
<b>OTHER FINANCING SOURCES</b>						
Operating transfers in	301,650	35,662	270,791			608,103
Operating transfers out	(116,805)					(116,805)
Total other financing sources (uses)	184,845	35,662	270,791	--	--	491,298
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(203,914)	3,622	176,137	(8,288)	(52,123)	(84,566)
Fund balance (deficits) at beginning of year	215,879	278,321	2,158,290	508	1,094,009	3,747,007
Fund balance (deficits) at end of year	\$11,965	\$281,943	\$2,334,427	(\$7,780)	\$1,041,886	\$3,662,441

The accompanying notes are an integral part of these financial statements.

GENERAL SUPPLEMENTARY INFORMATION

**ST. MARY PARISH COUNCIL**  
Compensation Paid Council Members and Parish President  
For the Year Ended December 31, 2003

The general supplementary information portion of this document contains information related to the compensation paid to Council Members and Parish President.

Kenneth Alfred	\$5,400
Steve Bierhorst	5,400
William Cefalu, Parish President	12,000
Joe Davis, Jr.	5,400
Michael Domingue	5,400
Keith Leonard	5,400
Paul Naquin, Jr.	9,618
Murphy Pontiff	5,400
Merlin Price, Jr.	5,400
Calvin Savoy	5,400
Frank Peter Soprano	10,182
Charles A. Walters	<u>9,560</u>
	<u>\$84,560</u>

SUPPLEMENTARY INFORMATION REQUIRED BY OMB CIRCULAR A-133

**ST. MARY PARISH COUNCIL**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2003**

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR NAME/ <u>PROGRAM TITLE</u>	FEDERAL CFDA <u>NUMBER</u>	REVENUE <u>RECOGNIZED</u>	EXPENDITURES <u>INCURRED</u>
<u>U.S. Department of Transportation</u>			
Federal Aviation Administration			
Education			
Passed through Louisiana Department of Transportation and Development			
Airport Improvement Program	20.106	\$103,246	\$103,246
Highway Planning and Construction	20.205	659,526	659,526
		<hr/>	<hr/>
Total U.S. Department of Transportation		762,772	762,772
		<hr/>	<hr/>
<u>U.S. Department of the Interior</u>			
Bureau of Land Management			
Payments in Lieu of Taxes	15.226	3,703	3,703
Passed through Louisiana Department of Wildlife and Fisheries			
Sport Fish Restoration			
North Bend Boat Launch	15.605	241,500	241,500
Jesse Fontenot Memorial Boat Landing	15.605	111,750	111,750
		<hr/>	<hr/>
Total U. S. Department of the Interior		356,953	356,953
		<hr/>	<hr/>
<u>U. S. Department of Housing and Urban Development</u>			
Community Planning and Development			
Passed through Louisiana Department of Social Services Office of Community Services			
Emergency Shelter Grants	14.231	10,427	10,427
		<hr/>	<hr/>
Total U. S. Department of Housing and Urban Development		10,427	10,427
		<hr/>	<hr/>

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR NAME/ <u>PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>REVENUE RECOGNIZED</u>	<u>EXPENDITURES INCURRED</u>
<u>Federal Emergency Management Agency</u>			
Passed through the Louisiana Department of Military Affairs - Office of Emergency Preparedness			
Civil Defense-State and Local Emergency Management Assistance	83.503	\$36,305	\$36,305
Public Assistance Grants	83.544	<u>477,605</u>	<u>477,605</u>
Total Federal Emergency Management Agency		<u>513,910</u>	<u>513,910</u>
<u>U.S. Department of Justice</u>			
Bureau of Justice Assistance			
Drug Court Discretionary Grant	16.585	124,066	124,066
Passed through the St. Mary Parish Sheriff's Office			
Local Law Enforcement Block Grant	16.592	32,191	32,191
Passed through the Louisiana Commission on Law Enforcement and Administration of Criminal Justice			
Juvenile Accountability Incentive Block Grant	16.523	<u>61,081</u>	<u>61,081</u>
Total U.S. Department of Justice		<u>217,338</u>	<u>217,338</u>
<u>U.S. Department of Agriculture</u>			
Rural Utilities Service			
Community Facilities Loans and Grants	10.766		<u>1,109,134</u>
Total U.S. Department of Agriculture		<u>0</u>	<u>1,109,134</u>
Total Federal Financial Assistance		<u>\$1,861,400</u>	<u>\$2,970,534</u>

The accompanying notes are an integral part of this schedule.

**ST. MARY PARISH COUNCIL**

Notes to Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2003

Note 1 - SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards is a summary of the activity of the Council's federal award programs presented for governmental funds accounting in accordance with generally accepted accounting principles, except for Community Facilities Loans and Grants, which is detailed in Note 4.

Note 2 - AIRPORT IMPROVEMENT PROGRAM

During the year, the Council expended funds from the Airport Improvement Program for the following projects;

Parallel Taxi way	\$61,429
Lighting Rehabilitation	18,428
Apron Rehabilitation	<u>23,389</u>
	<u>\$103,246</u>

Note 3 - PUBLIC ASSISTANCE GRANTS

The following is a detail of revenues from the Federal Emergency Management Agency (FEMA) detailed by fund:

Funds Related to Hurricane Lili:	
General Fund	\$119,354
<u>Special Revenue Funds</u>	
Road Construction & Maintenance Fund	32,613
Joe C Russo Boat Landing Fund	14,372
Jesse Fontenot Memorial Boat Landing Fund	25,939
Quintana Boat Landing Fund	59,496
Hurricane Lili Fund	<u>225,831</u>
	<u>\$477,605</u>

Note 4 - COMMUNITY FACILITIES LOANS AND GRANTS

Community Facilities Loans and Grants is a loan to the Council. Proceeds from the loan received during the current year are presented as revenue in the Schedule of Expenditures of Federal Awards. The Federal government is at risk for the entire amount of the loan until it is repaid and the Council is subject to certain compliance requirements related to the loan until it is repaid. Therefore the balance of the loan outstanding at year end is reported as expenditures.

Proceeds received and reported in 1999	\$ 50,000
Proceeds received and reported in 2000	834,337
Proceeds received and reported in 2001	306,663
Principal paid in 2001	( 37,511)
Principal paid in 2002	( 19,866)
Principal paid in 2003	( <u>24,489</u> )
Amount outstanding at December 31, 2003	<u>\$1,109,134</u>

INTERNAL ACCOUNTING CONTROL AND COMPLIANCE



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

Chairman and Members of the Council  
St. Mary Parish  
Franklin, Louisiana

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, and the respective budgetary comparisons for the General Fund, Road Construction & Maintenance Fund, and Sanitation Fund of the St. Mary Parish Council, as of and for the year ended December 31, 2003, which collectively comprise the basic financial statements of the Council's primary government and have issued our report thereon dated April 30, 2004. 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.

### Compliance

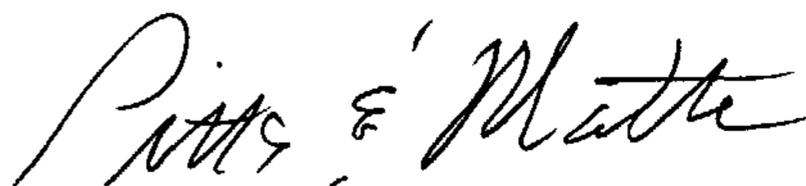
As part of obtaining reasonable assurance about whether the St. Mary Parish Council's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under Government Auditing Standards which are described in the accompanying schedule of findings and questioned costs as items 2003-1, 2003-2, 2003-3, and 2003-4.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered St. Mary parish Council's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect St. Mary Parish Council's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 2003-5 and 2003-6.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider both reportable conditions, listed as items 2003-5 and 2003-6, to be material weakness.

This report is intended solely for the use of management, the Finance Committee of the St. Mary Parish Council, federal awarding agencies and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is considered a public record and may be distributed by the Legislative Auditor.



CERTIFIED PUBLIC ACCOUNTANTS

April 30, 2004



REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR  
PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH  
OMB CIRCULAR A-133

Chairman and Members of the Council  
St. Mary Parish  
Franklin, Louisiana

Compliance

We have audited the compliance of the St. Mary Parish Council with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2003. The St. Mary Parish Council's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the St. Mary Parish Council's management. Our responsibility is to express an opinion on the St. Mary Parish Council's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about St. Mary Parish Council's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the St. Mary Parish Council's compliance with those requirements.

As described in item 2003-7 in the accompanying schedule of findings and questioned costs, the St. Mary Parish Council did not comply with requirements regarding bond covenants that are applicable to its Community Facilities Loans and Grants. Compliance with such requirements is necessary, in our opinion, for the St. Mary Parish Council, to comply with requirements applicable to that program.

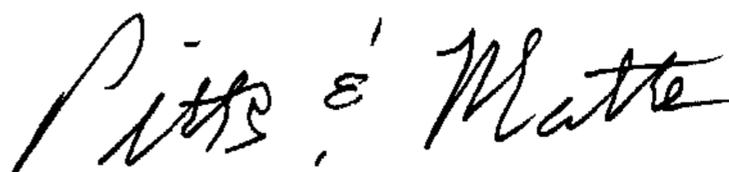
In our opinion, except for the noncompliance described in the preceding paragraph, the St. Mary Parish Council, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2003.

#### Internal Control Over Compliance

The management of St. Mary Parish Council is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the St. Mary Parish Council's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving internal control over compliance and its operations that we consider to be material weaknesses.

This report is intended solely for the use of management, the Finance Committee of the St. Mary Council, federal awarding agencies and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is considered a public record and may be distributed by the Legislative Auditor.



CERTIFIED PUBLIC ACCOUNTANTS

April 30, 2004

**ST. MARY PARISH COUNCIL**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
For the Year Ended December 31, 2003

**A. SUMMARY OF AUDIT RESULTS**

1. The auditors' report expresses an unqualified opinion on the basic financial statements of the St. Mary Parish Council's primary government.
2. Two reportable conditions were disclosed during the audit of the primary government financial statements to be reported in the Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards. Both reportable conditions are considered to be material weaknesses.
3. Four instances of noncompliance material to the primary government financial statements of the St. Mary Parish Council were disclosed during the audit.
4. No material weaknesses relating to the audit of the major federal award programs are reported in the Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133.
5. The auditors' report on compliance for the major federal award programs for the St. Mary Parish Council expresses a qualified opinion and one finding of noncompliance is reported.
6. One audit finding relative to the major federal award programs for the St. Mary Parish Council is reported in Part C of this Schedule.
7. The programs tested as major programs include:
  - Public Assistance Grants (CFDA No. 83.544)
  - Community Facilities Loans and Grants (CFDA No. 10.766)
  - Highway Planning and Construction (CFDA No. 20.205)
  - Sport Fish Restoration(CFDA No. 15.605)
8. The threshold for distinguishing types A and B programs was \$300,000.
9. St. Mary Parish Council was not determined to be a low risk auditee.

B. FINDINGS - FINANCIAL STATEMENT AUDIT

NONCOMPLIANCE

ITEM NO. 2003-1 Budget Monitoring

Auditors' Comments

Condition: During the course of the audit for the year ended December 31, 2003 it was noted that several of the Parish's individual funds needed budget amendments that were not made.

Criteria: The St. Mary Parish budget ordinance requires that budgets be amended when certain conditions exist. These conditions are explained in detail below.

Effect: Failure to amend budgets to recognize anticipated shortfalls or surpluses in funds prevents the governmental body from effectively curtailing or expanding projects and/or services in accordance with actual available resources.

Cause: Although the cause of the above condition was not fully determined the following appears to have a significant effect. Although the Parish makes accruals for payables and receivables at year end, adjustments are not made in the interim period. When significant differences exist between payables and receivables from year to year, the amount of funds that appear to be available or costs that appear to have been incurred can be distorted. Failure to recognize the effect of these differences can lead to variances between budgeted and actual activity.

Recommendation: The Council should develop an ongoing budget monitoring program. The significance of accruals for major revenues and expenditures should be considered periodically during the year.

A more detailed description of the conditions and criteria is presented below:

Auditors' Detailed Comments

According to the budget ordinance, the Administration shall notify the Council within thirty days of an actual account fluctuation from budget of five percent, up or down, in revenues or expenditures. Notification was not made and the following budgets were not amended although the following actual revenues exceeded budgeted revenues by five percent or more:

<u>Funds</u>	<u>Actual Amount</u>	<u>Budgeted Amount</u>	<u>Variance</u>	<u>Percent</u>
Special Revenue Funds				
Jesse Fontenot Memorial Boat Landing Fund	\$155,391	\$127,407	\$27,985	22.0%
Marcel Boat Landing Fund	10,055	8,600	1,455	16.9%

Notification was not made and the following budgets were not amended although actual revenues were more than five percent below budgeted revenues:

<u>Funds</u>	<u>Actual Amount</u>	<u>Budgeted Amount</u>	<u>Variance</u>	<u>Percent</u>
Special Revenue Fund				
Wards 1,2,3,4,7&10 Sales Tax Fund	\$327,524	\$355,881	\$28,357	8%
Hurricane Lili Fund	61,766	77,646	15,880	20.5%

Notification was not made and the following budgets were not amended although actual expenditures were less than budgeted expenditures by five percent or more:

<u>Funds</u>	<u>Actual Amount</u>	<u>Budgeted Amount</u>	<u>Variance</u>	<u>Percent</u>
Special Revenue Funds				
Road Construction & Maintenance Fund	\$3,113,701	\$3,376,043	\$262,342	7.8%
Wards 5 & 8 Sales Tax Fund	377,214	405,109	27,895	6.9%
Wards 1,2,3,4,7&10 Sales Tax Fund	495,807	560,436	64,629	11.5%
Hurricane Lili Fund	215,255	286,572	71,317	24.9%
Jesse Fontenot Memorial Boat Landing Fund	95,170	103,977	8,807	8.5%
Quintana Boat Landing Fund	2,815	25,842	23,027	89.1%

Management's Response: All funds are reviewed and monitored monthly. The Parish Council will be provided with a monthly financial report reflecting deviations in revenues and expenditures of all budgets. In addition, budgets will be adjusted monthly within functions and will be further adjusted with budget amendments to achieve the 5% deviation requirement compliance. Accruals of revenues and expenditures will be reviewed and adjusted during the year. Management will continue to monitor all budgets closely in order to remain within the 5% deviation requirement.

#### ITEM NO. 2003-2 FUND DEFICITS

##### Auditors' Comments

Condition: During the course of the audit it was noted that certain funds had deficit fund balances.

Criteria: State statute prohibits expending amounts in excess of fund balance, revenues, and other financing sources.

Effect: Violation of state statute.

Cause: For the Special Revenue Fund and Capital Projects Funds, the Council expended amounts in excess of fund balance, revenues, and other financing sources.

Recommendation: A detailed study should be made to develop additional or alternative funding sources, to consider reallocating existing funding, or to combine certain existing funds.

The following individual funds were in violation of state statutes and had deficit fund balances at year end:

<u>Fund</u>	<u>Deficit Amount</u>
<u>Special Revenue Fund</u>	
Re-entry Drug Court Fund	\$(10,234)
<u>Capital Projects Funds</u>	
Amelia & Vicinity Fund	(1,033,819)
Wards 5 & 8 Fund	(1,525,787)
Spine Road Construction Fund	(7,780)

Management's Response: The fund deficit in the Special Revenue Fund (Re-entry Drug Court Fund) and the Spine Road Construction Fund will be funded in 2004 from other revenue sources. The Capital Project Fund deficits related to the Sewer Project areas will be resolved in 2004 when the bonds are paid off by consolidating certain existing capital project funds into one fund.

ITEM NO. 2003-3 NONCOMPLIANCE WITH BOND COVENANTS RELATED TO JAIL FACILITY

Auditors' Comments

Condition: We noted during the audit that the Council did not comply with the loan covenant related to "Accounting for System Revenues".

Criteria: The loan agreements for the \$1,196,000 Revenue Bonds Series B, 1999 state that the Council shall maintain books and records of all transactions relating to the jail facilities, and present annual audited financial statements on those operations along with other information related to the jail operations.

Effect: Failure to comply with these provisions could be considered a breach of covenants with the bond agreements, and the lender could require compliance with these requirements or place the Council in default.

Cause: The Council does not maintain all the books and records of transactions relating to the jail operations. The Sheriff of St. Mary Parish actually operates the jail, and a significant portion of jail operations are included with the operations of the Sheriff's department.

Recommendation: The Council should have the information audited and reported along with the other financial information required by the lender.

Management's Response: A waiver of this bond provision has been requested from the bond holder, however, it has not yet been granted. The Parish's Financial Operations and the Sheriff's Financial Operations related to Jail Operations are each audited separately and reported in their respective audit reports. Management is considering re-financing these bonds in 2004.

#### ITEM 2003-4 BUDGETS

##### Auditors' Comments

Condition: We noted during the course of the audit that the Council did not adopt annual budgets for the following Special Revenue Funds:

- Re-entry Drug Court
- OJP Juvenile Drug Court
- Local Law Enforcement Block Grant #2
- Juvenile Incentive Block Grant

Criteria: State law requires budgets for all Special Revenue Funds.

Effect: Failure to adopt an annual budget for a special revenue fund is a violation of state law.

Cause: The reason that annual budgets were not adopted for these special revenue funds is that these funds account for activities of different Federal grants whose grant periods do not coincide with the Council's fiscal year. The Council uses the grant period budgets to monitor results of operations for these funds.

Recommendation: The Council should adopt annual budgets for all funds as required by State law.

Management's Response: Budgets were not adopted for these Special Revenue Funds which were funded with State and Federal Grants because the grant periods differ significantly from the Parish's calendar year. Budgets will be adopted in 2004 in order to comply with state law.

## Internal Control

### Material Weaknesses

#### ITEM NO. 2003- 5 FUNDS DEPOSITED INTO WRONG ACCOUNT

##### Auditors' Comments

Condition: The Council contracts with an outside party to administer its community development block grant funds. During the year, a grantor erroneously electronically transferred a state grant in the amount of \$50,000, not related to the community development block grant, into the community development block grant account. This was not discovered until the audit was performed.

Criteria: The Council, through the contracted third party administrator, is responsible for maintaining books and records to properly record transactions of the program.

Effect: Management was unaware that these grant funds were available.

Cause: Because of the small number of transactions in the program, revenues and expenditures are not recorded monthly. Bank reconciliations are not prepared on a monthly basis.

Recommendation: We recommend that bank reconciliations be prepared on a monthly basis and submitted to management of the Council for review.

Management's Response: Management has required that bank reconciliations be completed and filed with Finance Department by the 25th of the month following the statement period. Management will closely monitor this requirement and review the monthly statements to ensure compliance and alleviate future problems.

#### ITEM NO. 2003- 6 UNISSUED CHECK

##### Auditors' Comments

Condition: It was noted during the audit that the Council purchased a cashier's check in the amount of \$137,710 that was never issued. However, on the books of the Council cash was reduced and an expenditure was recorded.

Criteria: The Council is responsible for maintaining records that accurately reflect the actual transactions of the Council.

Effect: The effect of holding a cashier's check is that cash is understated and expenditures are overstated by the amount of the check. In addition, funds are available for expenditures of which the Council is not aware.

Cause: Management negotiated to purchase a parcel of land; however, prior to finalizing the sale, the landowner decided not to complete the sale. Subsequently, management held the cashier's check.

Recommendation: Management should not hold a cashier's check longer than is necessary to complete a transaction. Once it is determined that a transaction will not materialize, any funds should be redeposited into the Council's account and the corresponding accounting records should be corrected.

Management's Response: Management will monitor the status of any cashier checks issued to ensure proper disposition.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS  
AUDIT

Findings Related to Primary Government

U.S. Department of Agriculture  
Community Facilities Loans and Grants  
-CFDA No. 10.766

Questioned  
Costs

ITEM NO. 2003-7 - NONCOMPLIANCE WITH BOND COVENANTS  
RELATED TO JAIL FACILITY

Auditors' Comments

Condition: We noted during the audit that the Council did not comply with the loan covenant related to "Accounting for System Revenues".

Criteria: The loan agreements for the \$1,196,000 Revenue Bonds Series B, 1999 state that the Council shall maintain books and records of all transactions relating to the jail facilities, and present annual audited financial statements on those operations along with other information related to the jail operations.

Effect: Failure to comply with these provisions could be considered a breach of covenants with the bond agreements, and the lender could require compliance with these requirements or place the Council in default.

NONE

Cause: The Council does not maintain all the books and records of transactions relating to the jail operations. The Sheriff of St. Mary Parish actually operates the jail, and a significant portion of jail operations are included with the operations of the Sheriff's department.

Recommendation: The Council should have the information audited and reported along with the other financial information required by the lender.

Management's Response: A waiver of this bond provision has been requested from the bond holder, however, it has not yet been granted. The Parish's Financial Operations and the Sheriff's Financial Operations related to Jail Operations are each audited separately and reported in their respective audit reports. Management is considering re-financing these bonds in 2004.

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND RELATED CORRECTIVE  
ACTION PREPARED BY MANAGEMENT OF ST. MARY PARISH COUNCIL

Items of Noncompliance

Item No. 2002-1 Budget Monitoring

Condition: During the course of the audit for the year ended December 31, 2002, it was noted that several of the Parish's individual funds needed budget amendments that were not made.

Corrective Action: Although there have been improvements, there are still some funds that required budget amendments.

Item No. 2002-2 Fund Deficits

Condition: During the course of the audit, it was noted that certain funds had deficit fund balances.

Corrective Action: This item has been partially corrected. The Hurricane Lili Special Revenue Fund and Enterprise Funds deficits have been eliminated in 2003. The Capital Projects Funds concerning the Sewer Project Areas will not be resolved until the bonds are paid in 2004, and consolidation of certain existing capital project funds into one fund.

Item Nos. 2002-3 and 2002-4 Noncompliance With Bond Covenants Related to Jail Facility

Condition: It was noted during the audit that the Council did not comply with the loan covenant related to "Accounting for System Revenues" in the loan agreements for the \$2.8 million Revenue Bonds Series A, 1999, and the \$1,196,000 Revenue Bonds Series B, 1999.

Corrective Action: This item has not been corrected.

Internal Control

Item No. 2002-5 Payment Deposited in Wrong Account

Condition: It was noted that the Council's third party community development block grant administrator erroneously deposited a Council check into its company checking account.

Corrective Action: This particular item has been corrected. However, there continues to be problems with this account. A similar comment was made in the current year, but preventive measures have been implemented in 2004.

# ST. MARY PARISH GOVERNMENT

WILLIAM A. "BILL" CEFALU, PRESIDENT  
FIFTH FLOOR - COURTHOUSE  
FRANKLIN, LOUISIANA 70538-6198

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HENRY "BO" LAGRANGE  
CHIEF ADMINISTRATIVE OFFICER

June 18, 2004



DIRECTOR OF FINANCE  
SUE CARTER



DIRECTOR OF PERSONNEL  
TAMMY CHARPENTIER

Mr. Steve Theriot, CPA  
Legislative Auditor  
State of Louisiana  
P. O. Box 94397  
Baton Rouge, LA 70804-9397



DIRECTOR OF PLANNING  
CAROL J. VINNING

Dear Mr. Theriot:



DIRECTOR OF PUBLIC WORKS  
GEORGE MIKHAEL, P.E., MSCE

The St. Mary Parish Government respectfully submits the following corrective action plan for the year ended December 31, 2003.



DIRECTOR OF ECONOMIC DEVELOPMENT  
FRANK G. FINK

Our auditors, Pitts & Matte, CPA's, P. O. Box 2363, Morgan City, LA. 70381, were contracted for the audit period ending December 31, 2003. The findings from the December 31, 2003 schedule of findings and questioned costs are discussed below:



FRANKLIN  
(337) 828-4100

## SUMMARY OF THIS YEAR FINDINGS AND RELATED CORRECTIVE ACTION PLAN PREPARED BY ST. MARY PARISH GOVERNMENT

FAX (337) 828-4092

E-mail: admin@parish.st-mary.la.us

### B. FINDING-FINANCIAL STATEMENT AUDIT

OFFICE HOURS  
8:00 A.M. TO 12:00 P.M.  
1:00 P.M. TO 4:30 P.M.

#### NONCOMPLIANCE

#### ITEM NO. 2003-1 BUDGET MONITORING

**CORRECTIVE ACTION:** All funds are reviewed and monitored monthly. The Parish Council will be provided with a monthly financial report reflecting deviations in revenues and expenditures of all budgets. In addition, budgets will be adjusted monthly within functions and will be further adjusted with budget amendments to achieve the 5% deviation requirement compliance. Accruals of revenues and expenditures will be reviewed and adjusted during the year. Management will continue to monitor all budgets closely in order to remain within the 5% deviation requirement.

**ITEM NO. 2003-2 FUND DEFICITS**

**CORRECTIVE ACTION:** The fund deficit in the Special Revenue Fund (Re-Entry Drug Court Fund) and the Spine Road Construction Fund will be funded in 2004 from other revenue sources. The Capital Project Fund Deficits related to the Sewer Project areas will be resolved in 2004 when the bonds are paid off by consolidating certain existing capital project funds into one fund.

**ITEM NO. 2003-3 NONCOMPLIANCE WITH BOND COVENANTS  
RELATED  
TO JAIL FACILITY**

**CORRECTIVE ACTION:** A waiver of this bond provision has been requested from the bond holder , however, it has not yet been granted. The Parish's Financial Operations and the Sheriff's Financial Operations related to Jail Operations are each audited separately and reported in their respective audit reports. Management is considering re-financing these bonds in 2004.

**ITEM NO. 2003-4 BUDGETS**

**CORRECTIVE ACTION:** Budgets were not adopted for these Special Revenue Funds which were funded with State and Federal Grants because the grant periods differ significantly from the Parish's Calendar Year. Budgets will be adopted in 2004 in order to comply with state law.

**INTERNAL CONTROL  
Material Weaknesses**

**ITEM NO. 2003-5- FUNDS DEPOSITED INTO WRONG ACCOUNT**

**CORRECTIVE ACTION:** Management has required that bank reconciliations be completed and filed with the Finance Department by the 25<sup>th</sup> of the month following the statement period. Management will closely monitor this requirement and review the monthly statements to ensure compliance and alleviate future problems.

**ITEM NO. 2003-6 UNISSUED CHECK**

**CORRECTIVE ACTION: Management will monitor the status of any cashier checks issued to ensure proper disposition.**

**Findings Related to Primary Government**

**ITEM NO. 2003-7 NONCOMPLIANCE WITH BOND COVRNANTS RELATED**

**TO JAIL FACILITY**

**CORRECTIVE ACTION: A waiver of this bond provision has been requested from the bond holder , however, it has not yet been granted. The Parish's Financial Operations and the Sheriff's Financial Operations related to Jail Operations are each audited separately and reported in their respective audit reports. Management is considering re-financing these bonds in 2004.**

**We submit this plan of action in accordance with Legislative requirements and request that you contact the undersigned or the Chief Administrative Officer, Mr. Henry C. La Grange, if you should have any questions concerning the corrective plan of actions.**

**Very truly yours,**



**D. SUE CARTER,  
DIRECTOR OF FINANCE  
ST. MARY PARISH GOVERNMENT**