

**ST. MARY PARISH
COMMUNICATIONS DISTRICT**

Morgan City, Louisiana

Financial Report

Year Ended December 31, 2018

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1-3
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Statement of net position	6
Statement of activities	7
Fund Financial Statements	
Governmental fund	
Balance sheet	9-10
Statement of revenues, expenditures, and changes in fund balance	11-12
Notes to financial statements	13-30
REQUIRED SUPPLEMENTARY INFORMATION	
General Fund	
Budgetary comparison schedule	32
Schedule of employer's share of net pension liability/asset	33
Schedule of employer contributions	34
Notes to required supplementary information	35
OTHER SUPPLEMENTARY INFORMATION	
Schedule of insurance in force	37
INTERNAL CONTROL, COMPLIANCE AND OTHER MATTERS	
Independent auditor's report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with <i>Government Auditing Standards</i>	39-40
Summary schedule of prior audit findings	41
Schedule of audit results and findings	42
Corrective action plan for current audit findings	43

KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

C. Burton Kolder, CPA*
Victor R. Slaven, CPA*
Gerald A. Thibodeaux, Jr., CPA*
Robert S. Carter, CPA*
Arthur R. Mixon, CPA*
Brad E. Kolder, CPA, JD*
Stephen J. Anderson, CPA*
Christine C. Doucet, CPA
Wanda F. Arcement, CPA, CVA
Bryan K. Joubert, CPA
Matthew E. Margaglio, CPA
Casey L. Ardoin, CPA, CFE

183 S. Beadle Rd.
Lafayette, LA 70508
Phone (337) 232-4141

11929 Bricksome Ave.
Baton Rouge, LA 70816
Phone (225) 293-8300

1428 Metro Dr.
Alexandria, LA 71301
Phone (318) 442-4421

450 E. Main St.
New Iberia, LA 70560
Phone (337) 367-9204

200 S. Main St.
Abbeville, LA 70510
Phone (337) 893-7944

1201 David Dr.
Morgan City, LA 70380
Phone (985) 384-2020

434 E. Main St.
Ville Platte, LA 70586
Phone (337) 363-2792

332 W. Sixth Ave.
Oberlin, LA 70655
Phone (337) 639-4737

* A Professional Accounting Corporation

WWW.KCSRPCAS.COM

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the St. Mary Parish Communications District (hereinafter "District"), a component unit of the Parish of St. Mary, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the District as of December 31, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that budgetary comparison information, schedule of employer's share of net pension liability/asset, and schedule of employer contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the budgetary comparison information on pages 32, schedule of employer's share of net pension liability/asset on page 33, schedule of employer contributions on page 34, or note to required supplementary information on page 35 because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The District has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of insurance in force listed as "Other Supplementary Information" in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. The schedule of insurance in force on page 37 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 8, 2019 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
May 8, 2019

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

ST. MARY PARISH COMMUNICATIONS DISTRICT
Morgan City, Louisiana

Statement of Net Position
December 31, 2018

	<u>Governmental Activities</u>
ASSETS	
Cash and interest-bearing deposits	\$ 471,472
Investments	507,285
Communications taxes receivable	134,114
Prepaid expenses	29,799
Capital assets, net	158,622
Net pension asset	<u>45,387</u>
Total assets	<u>1,346,679</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to net pension asset	<u>112,098</u>
LIABILITIES	
Accounts payable	6,513
Accrued liabilities	56,440
Noncurrent liabilities:	
Other accrued liabilities	<u>18,466</u>
Total liabilities	<u>81,419</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to net pension asset	<u>134,884</u>
NET POSITION	
Net investment in capital assets	158,622
Unrestricted	<u>1,083,852</u>
Total net position	<u>\$ 1,242,474</u>

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

ST. MARY PARISH COMMUNICATIONS DISTRICT
Morgan City, Louisiana

Statement of Activities
Year Ended December 31, 2018

	<u>Governmental Activities</u>
Expenses:	
Public safety:	
Salaries and related taxes and benefits	\$ 678,634
Telephone and equipment rental	144,580
Dues and subscriptions	1,778
Insurance	27,846
Office	2,923
Professional fees	18,475
Repairs and maintenance	25,649
Supplies	8,342
Travel and training	5,320
Utilities	6,670
Depreciation	<u>33,017</u>
Total expenses	953,234
Program revenues:	
Operating grants and contributions	<u>4,546</u>
Net program expense	<u>948,688</u>
General revenues:	
Communication taxes	989,501
Intergovernmental	26,667
Other	<u>8,144</u>
Total general revenues	<u>1,024,312</u>
Change in net position	75,624
Net position, beginning	<u>1,166,850</u>
Net position, ending	<u>\$ 1,242,474</u>

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

FUND FINANCIAL STATEMENTS

ST. MARY PARISH COMMUNICATIONS DISTRICT
Morgan City, Louisiana

Balance Sheet
Governmental Fund
December 31, 2018

	<u>General Fund</u>
ASSETS	
Cash and interest-bearing deposits	\$ 471,472
Investments	507,285
Communications taxes receivable	<u>134,114</u>
Total assets	<u>\$1,112,871</u>
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable	\$ 6,513
Accrued liabilities	<u>56,440</u>
Total liabilities	<u>62,953</u>
Fund balance:	
Committed	58,997
Assigned	206,281
Unassigned	<u>784,640</u>
Total fund balance	<u>1,049,918</u>
Total liabilities and fund balance	<u>\$1,112,871</u>
	(continued)

ST. MARY PARISH COMMUNICATIONS DISTRICT
Morgan City, Louisiana

Balance Sheet (continued)
Governmental Fund
December 31, 2018

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

Total fund balance for the governmental fund at December 31, 2018	\$ 1,049,918
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets, net of accumulated depreciation	158,622
Prepaid items	29,799
Net pension asset	45,387
Deferred outflows of resources related to net pension asset	112,098
Liabilities not due and payable in the current period:	
Other accrued liabilities	(18,466)
Deferred inflows of resources related to net pension asset	<u>(134,884)</u>
Net position at December 31, 2018	<u>\$ 1,242,474</u>

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

ST. MARY PARISH COMMUNICATIONS DISTRICT
Morgan City, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Fund
Year Ended December 31, 2018

	<u>General Fund</u>
Revenues:	
Landline tax	\$ 249,384
Voice over internet protocol (VoIP) tax	105,817
Cellular tax	493,066
Prepaid wireless tax	141,234
Intergovernmental cost share	26,667
Other revenues	8,144
Total revenues	<u>1,024,312</u>
Expenditures:	
Public safety:	
Salaries and related taxes and benefits	674,237
Telephone and equipment rental	144,580
Dues and subscriptions	1,778
Insurance	28,835
Office	2,923
Professional fees	18,475
Repairs and maintenance	25,649
Supplies	8,342
Travel and training	5,320
Utilities	6,670
Capital outlay	4,858
Total expenditures	<u>921,667</u>
Net change in fund balance	102,645
Fund balance, beginning of year	<u>947,273</u>
Fund balance, end of year	<u>\$ 1,049,918</u>

(continued)

ST. MARY PARISH COMMUNICATIONS DISTRICT
Morgan City, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balance (continued)
Governmental Fund
Year Ended December 31, 2018

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

Total net change in fund balance - governmental fund \$ 102,645

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

Capital outlay 4,858

Depreciation expense (33,017)

Changes in prepaid items 989

Changes in items not requiring the use of current financial resources 1,012

Effects of recording net pension liability and deferred inflows and
outflows of resources related to net pension asset:

Increase in pension expense \$ (5,409)

Nonemployer pension contribution revenue 4,546 (863)

Change in net position for governmental activities \$ 75,624

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

ST. MARY PARISH COMMUNICATIONS DISTRICT
Morgan City, Louisiana

Notes to Financial Statements

INTRODUCTION

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

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

(1) Summary of Significant Accounting Policies

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

A. Reporting Entity

As the governing authority of the parish, for reporting purposes, the St. Mary Parish Council is the financial reporting entity for St. Mary Parish. The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary is financially accountable and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

Government Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*, as amended, established criteria for determining which component units should be considered part of the St. Mary Parish Council for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include:

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

ST. MARY PARISH COMMUNICATIONS DISTRICT
Morgan City, Louisiana

Notes to Financial Statements (continued)

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

B. Basis of Presentation

The accompanying basic financial statements of the District have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for States and Local Governments*, issued in June 1999.

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

ST. MARY PARISH COMMUNICATIONS DISTRICT
Morgan City, Louisiana

Notes to Financial Statements (continued)

Governmental Fund –

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

C. Capital Assets

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

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

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

D. Measurement Focus/Basis of Accounting

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

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

Revenues

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

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

Substantially all other revenues are recorded when received.

ST. MARY PARISH COMMUNICATIONS DISTRICT
Morgan City, Louisiana

Notes to Financial Statements (continued)

Expenditures

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

E. Cash, Interest-bearing deposits, and Investments

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

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

F. Compensated Absences

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

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

G. Deferred Outflows of Resources and Deferred Inflows of Resources

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

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

ST. MARY PARISH COMMUNICATIONS DISTRICT
Morgan City, Louisiana

Notes to Financial Statements (continued)

H. Equity Classifications

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

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

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

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

ST. MARY PARISH COMMUNICATIONS DISTRICT
Morgan City, Louisiana

Notes to Financial Statements (continued)

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

I. Pensions

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

(2) Cash

Under state law, the District may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The District may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At December 31, 2018, the District has cash (book balances) totaling \$471,472 as follows:

Cash and interest-bearing deposits	\$ 414,600
Certificates of deposit	<u>56,872</u>
Total cash and equivalents	<u>\$ 471,472</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the financial institution. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 2018, deposit balances (bank balances) totaling \$474,134 were secured as follows:

Federal deposit insurance	\$ 368,882
Uninsured and collateralized with pledged securities	<u>105,252</u>
Total federal deposit insurance and pledged securities	<u>\$ 474,134</u>

ST. MARY PARISH COMMUNICATIONS DISTRICT
Morgan City, Louisiana

Notes to Financial Statements (continued)

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the District's deposits may not be recovered or the collateral securities that are in the possession of an outside party will not be recovered. The District does not have a policy to monitor or attempt to reduce exposure to custodial credit risk. At December 31, 2018, deposits in the amount of \$105,252 were exposed to custodial credit risk. These deposits are uninsured and collateralized with securities held by the pledging institution's trust department or agent but not the District's name.

(3) Investments

Investments held at December 31, 2018 consist of \$507,285 in the Louisiana Asset Management Pool (LAMP). LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local governments having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA-R.S. 33:2955.

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

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

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

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

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

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

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

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

ST. MARY PARISH COMMUNICATIONS DISTRICT
Morgan City, Louisiana

Notes to Financial Statements (continued)

LAMP, Inc. is subject to regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

Fair Value Measurements

To the extent available, the District's investments are recorded at fair value as of December 31, 2018. GASB Statement No. 72, *Fair Value Measurements and Application*, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

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

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

(4) Receivables

The following is a summary of communications taxes receivable at December 31, 2018:

Amounts due from:	
Landline providers	\$ 24,952
Voice over Internet Protocol (VoIP) providers	8,178
Wireless providers	59,146
Prepaid phone providers	33,837
Other	8,001
	<u>\$ 134,114</u>

Management is of the opinion that all receivables are collectible; therefore, no provision for uncollectible accounts receivable has been made for the year ended December 31, 2018.

ST. MARY PARISH COMMUNICATIONS DISTRICT
Morgan City, Louisiana

Notes to Financial Statements (continued)

(5) Capital Assets

Capital asset activity for the year ended December 31, 2018 was as follows:

	<u>Balance</u> <u>1/1/2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2018</u>
Assets being depreciated:				
Governmental activities:				
Furniture and equipment	\$ 515,494	\$ 4,858	\$ -	\$ 520,352
Less: accumulated depreciation	<u>(328,713)</u>	<u>(33,017)</u>	<u>-</u>	<u>(361,730)</u>
Net capital assets	<u>\$ 186,781</u>	<u>\$ (28,159)</u>	<u>\$ -</u>	<u>\$ 158,622</u>

Depreciation expense in the amount of \$33,017 was charged to public safety.

(6) Change in Noncurrent Liabilities

The following is a summary of noncurrent liability transactions of the District for the year ended December 31, 2018:

	<u>1/1/2018</u>	<u>Additions</u>	<u>Payments/ Reductions</u>	<u>12/31/2018</u>	<u>Due Within One Year</u>
Governmental Activities:					
Sick Leave	<u>\$ 19,478</u>	<u>\$ -</u>	<u>\$ (1,012)</u>	<u>\$ 18,466</u>	<u>\$ -</u>

(7) Compensation of Board Members

Board members for the year ended December 31, 2018 served without compensation and are as follows:

Ed Smith, Chairman
 Matt Mayon, Vice Chairman
 Scott Anslum
 James Richard
 Allen Rink
 Scott Verret
 Duval Arthur (served from January 2018 through May 2018)
 David Naquin (replaced Duval Arthur)

ST. MARY PARISH COMMUNICATIONS DISTRICT
Morgan City, Louisiana

Notes to Financial Statements (continued)

(8) Fund Balance

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

	<u>General</u>
Fund balances:	
Committed	
Fire service equipment maintenance	\$ 58,997
Assigned	
Capital requirements	206,281
Unassigned	784,640
Total fund balances	\$ 1,049,918

(9) Compensation and Other Payments to Executive Director

Act 706 of the 2014 Legislative Session amended RS 24:513A requiring additional disclosure of total compensation, reimbursements, benefits, or other payments made to an agency head or chief officer. Expenses paid to Charlette Angeron for the year ended December 31, 2018 are as follows:

Salary	\$ 70,000
Benefits - Insurance	21,005
Benefits - Retirement	8,050
Conference registration	494
Lodging	325
Meals	76
Total	\$ 99,950

ST. MARY PARISH COMMUNICATIONS DISTRICT
Morgan City, Louisiana

Notes to Financial Statements (continued)

(10) Pension Plan

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

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

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

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

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

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

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

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

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

For employees hired prior to January 1, 2007:

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

ST. MARY PARISH COMMUNICATIONS DISTRICT
Morgan City, Louisiana

Notes to Financial Statements (continued)

For employees hired after January 1, 2007:

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

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

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

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

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

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

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

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

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

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

ST. MARY PARISH COMMUNICATIONS DISTRICT
Morgan City, Louisiana

Notes to Financial Statements (continued)

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

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

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

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

Employer Contributions: According to state statute, contributions for all employers are actuarially determined each year. For the year ended December 31, 2017, the actuarially determined contribution rate was 9.35% of member's compensation for Plan A. However, the actual rate for the fiscal year ending December 31, 2017 was 12.50% for Plan A.

According to state statute, the System also receives 1/4 of 1% of ad valorem taxes collected within the respective parishes, except for Orleans and East Baton Rouge parishes. The System also receives revenue sharing funds each year as appropriated by the Legislature. Tax monies and revenue sharing monies are apportioned between Plan A and Plan B in proportion to the member's compensation. These additional sources of income are used as additional employer contributions and are considered support from non-employer contributing entities. During the year ended December 31, 2018, the District recognized revenue as a result of support received from non-employer contributing entities of \$4,546 for its participation in the System.

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

At December 31, 2018, the District reported an asset of \$45,387 for its proportionate share of the net pension asset, which was reported in the governmental activities. The net pension asset was measured as of December 31, 2017 and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of that date. The District's proportion of the net pension asset was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2017, the District's proportional share was 0.061148%, which was an increase of 0.001997% from its proportion measured as of December 31, 2016.

ST. MARY PARISH COMMUNICATIONS DISTRICT
Morgan City, Louisiana

Notes to Financial Statements (continued)

For the year ended December 31, 2018, the District recognized pension expense of \$59,448.

At December 31, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 29,380
Changes of assumptions	57,285	-
Net difference between projected and actual earnings on pension plan investments	-	104,857
Changes in proportion and differences between employer contributions and proportionate share of contributions	774	647
Employer contributions subsequent to the measurement date	<u>54,039</u>	<u>-</u>
	<u>\$ 112,098</u>	<u>\$ 134,884</u>

Deferred outflows of resources of \$54,039 related to pensions resulting from the District's contributions subsequent to the measurement date will be recognized as an adjustment to the net pension asset in the following fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (benefit) as follows:

<u>Fiscal Year Ended</u>	
12/31/2019	\$ 4,420
12/31/2020	(5,645)
12/31/2021	(34,039)
12/31/2022	<u>(41,561)</u>
	<u>\$ (76,825)</u>

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

ST. MARY PARISH COMMUNICATIONS DISTRICT
Morgan City, Louisiana

Notes to Financial Statements (continued)

A summary of the actuarial methods and assumptions used in determining the total pension liability as of December 31, 2017 are as follows:

	Parochial Employees' Retirement System of Louisiana Plan A
Valuation Date	December 31, 2017
Actuarial Cost Method Plan A	Entry Age Normal
Investment Rate of Return	6.75% (Net of investment expense)
Expected Remaining Service Lives	4 years
Projected Salary Increases	Plan A - 5.25% (2.75% Merit/2.50% Inflation)
Cost of Living Adjustment	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increase not yet authorized by the Board of Trustees.
Mortality	RP-2000 Employee Sex Distinct Table was selected for employees. RP-2000 Healthy Annuitant Sex Distinct tables were selected for annuitants and beneficiaries. RP-2000 Disabled Lives Mortality Table was selected for disabled annuitants.
Inflation Rate	2.50%

The discount rate used to measure the total pension asset was 6.75% for Plan A, which was a .25% decrease from the discount rate used as of December 31, 2016. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers and non-employer contributing entities will be made at the actuarially determined contribution rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The investment rate of return was 6.75% for Plan A, which was a .25% decrease from the rate used as of December 31, 2016. The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the CAPM pricing model (top-down), a treasury yield curve approach (bottom-up) and an equity building-block model (bottom-up). Risk

ST. MARY PARISH COMMUNICATIONS DISTRICT
Morgan City, Louisiana

Notes to Financial Statements (continued)

return and correlations are projected on a forward looking basis in equilibrium, in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.00% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.62%.

Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of December 31, 2017 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate Of Return
Fixed Income	35%	1.24%
Equity	52%	3.57%
Alternatives	11%	0.69%
Real assets	2%	0.12%
Totals	100%	5.62%
Inflation		2.00%
Expected Arithmetic Nominal Return		7.62%

The mortality rate assumption used was set based upon an experience study performed on plan data for the period January 1, 2010 through December 31, 2014. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. The RP-2000 Healthy Annuitant Mortality Sex Distinct Tables (set forward two years for males and set forward one year for females) projected to 2031 using Scale AA was selected for annuitants and beneficiaries. For disabled annuitants, the RP-2000 Disabled Lives Mortality Table, set back five years for males and three years for females was selected. For active employees, the RP-2000 Employee Sex Distinct Tables set back four years for males and three years for females was used.

Sensitivity to Change in Discount Rate: The following presents the net pension asset of the participating employers calculated using the discount rate of 6.75%, as well as what the employers' net pension asset would be if it were calculated using a discount rate that is one percentage point lower 5.75% or one percentage point higher 7.75% than the current rate.

	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
Net Pension Liability (Asset)	\$ 223,774	\$ (45,387)	\$ (285,057)

ST. MARY PARISH COMMUNICATIONS DISTRICT
Morgan City, Louisiana

Notes to Financial Statements (continued)

Payables to the Pension Plan: The District recorded accrued liabilities to the System for the year ended December 31, 2018, primarily due to the accrual for payroll at the end of the fiscal year. The amounts due are included in liabilities under the amounts reported as accounts payable and accrued expenses. The balance due to the System as of December 31, 2018 is \$14,537.

(11) Risk Management

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

(12) Concentrations

Substantially all of the District's revenues are in the form of communications and cellular tax revenues. The communications and cellular taxes collected during 2018 accounted for approximately 97% of the District's total revenues.

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

The collection of the Wireless E911 tax is authorized by Louisiana Revised Statute 33:9109. According to the statute, the District is to collect the tax from the providers of wireless communications. The proceeds of the tax are restricted in use for payment of service suppliers' and the District's costs associated with the implementation of Phase I and Phase II enhancements required by the FCC. Once these expenditures have been made and the system implementation is complete, the proceeds become unrestricted and may be used for any lawful purpose of the District. All Phase I and Phase II system implementation requirements are complete. During the year ended December 31, 2018, the District collected wireless communication taxes totaling \$493,066.

During the year ended December 31, 2018, the District received a total of 61,499 calls. This represented a 23 percent decrease in call volume for the District over its 2017 call volume.

ST. MARY PARISH COMMUNICATIONS DISTRICT
Morgan City, Louisiana

Notes to Financial Statements (continued)

(14) Long-Term Lease Commitments

The District entered into an operating lease commencing April 23, 2015, for a Viper telephone system by Intrado. A down payment of \$75,000 was required, and the annual lease payment is \$53,245. The lease is for a period of five years.

Minimum future rental payments under non-cancelable operating leases having remaining terms in excess of one year as of December 31, 2018 are as follows:

<u>Year Ended</u> <u>December 31</u>	<u>Amount</u>
2019	<u>\$ 53,245</u>

REQUIRED SUPPLEMENTARY INFORMATION

ST. MARY PARISH COMMUNICATIONS DISTRICT
Morgan City, Louisiana

Budgetary Comparison Schedule
General Fund
Year Ended December 31, 2018

	<u>Original</u>	<u>Amended</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Revenues:				
Tax				
Landline tax	\$ 347,405	\$ 347,405	\$ 249,384	\$ (98,021)
Voice over Internet Protocol (VoIP) tax	28,004	28,004	105,817	77,813
Cellular tax	480,627	480,627	493,066	12,439
Prepaid wireless tax	156,000	156,000	141,234	(14,766)
Intergovernmental cost share	26,954	26,954	26,667	(287)
Other revenues	1,173	1,173	8,144	6,971
Total revenues	<u>1,040,163</u>	<u>1,040,163</u>	<u>1,024,312</u>	<u>(15,851)</u>
Expenditures:				
Public safety:				
Salaries and related taxes and benefits	723,966	723,966	674,237	49,729
Telephone and equipment rental	140,413	140,413	144,580	(4,167)
Dues and subscriptions	1,900	1,900	1,778	122
Insurance	29,800	29,800	28,835	965
Office	2,850	2,850	2,923	(73)
Professional fees	8,840	8,840	18,475	(9,635)
Repairs and maintenance	26,578	26,578	25,649	929
Supplies	8,000	8,000	8,342	(342)
Travel and training	4,900	4,900	5,320	(420)
Utilities	10,025	10,025	6,670	3,355
Capital outlay	7,500	7,500	4,858	2,642
Total expenditures	<u>964,772</u>	<u>964,772</u>	<u>921,667</u>	<u>43,105</u>
Net change in fund balance	75,391	75,391	102,645	27,254
Fund balance, beginning of year	<u>947,273</u>	<u>947,273</u>	<u>947,273</u>	<u>-</u>
Fund balance, end of year	<u>\$1,022,664</u>	<u>\$1,022,664</u>	<u>\$1,049,918</u>	<u>\$ 27,254</u>

See notes to budgetary comparison schedule.

ST. MARY PARISH COMMUNICATIONS DISTRICT
Morgan City, Louisiana

Schedule of Employer's Share of Net Pension Liability/Asset
Year Ended December 31, 2018

* Year Ended December 31,	Employer Proportion of the Net Pension Liability (Asset)	Employer Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
2014	0.051340%	\$ 14,037	280,314	5.01%	99.15%
2015	0.054509%	\$ 143,483	312,503	45.91%	92.23%
2016	0.059151%	\$ 121,822	349,834	34.82%	94.15%
2017	0.061148%	\$ (45,387)	410,368	11.06%	101.98%

* The amounts presented have a measurement date of the previous fiscal year end.

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

ST. MARY PARISH COMMUNICATIONS DISTRICT
Morgan City, Louisiana

Schedule of Employer Contributions
Year Ended December 31, 2018

Year Ended December 31,	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2015	\$ 45,322	\$ 45,322	\$ -	\$ 312,503	14.50%
2016	\$ 45,478	\$ 45,478	\$ -	\$ 349,834	13.00%
2017	\$ 51,296	\$ 51,296	\$ -	\$ 410,368	12.50%
2018	\$ 54,039	\$ 54,039	\$ -	\$ 469,901	11.50%

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

ST. MARY PARISH COMMUNICATIONS DISTRICT
Morgan City, Louisiana

Notes to Required Supplementary Information
Year Ended December 31, 2018

(1) Budgetary Basis of Accounting

The budget for the General Fund is adopted on the modified accrual basis of accounting consistent with generally accepted accounting principles (GAAP).

(2) Budgetary Practices

The District prepares and adopts a budget in accordance with LA R.S. 39:1301 et seq. All annual appropriations lapse at fiscal year end. Budgets are amended when deemed necessary by the board of commissioners.

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

(3) Pension Plan

A. Changes of Benefit Terms

There were no changes of benefit terms

B. Changes of assumptions

* Year ended December 31,	Discount Rate	Investment Rate of Return	Inflation Rate	Expected Remaining Service Lives	Projected Salary Increase
2015	7.25%	7.25%	3.00%	4	5.75%
2016	7.00%	7.00%	2.50%	4	5.25%
2017	7.00%	7.00%	2.50%	4	5.25%
2018	6.75%	6.75%	2.50%	4	5.25%

* The amounts presented have a measurement date of the previous fiscal year end.

OTHER SUPPLEMENTARY INFORMATION

ST. MARY PARISH COMMUNICATIONS DISTRICT
Morgan City, Louisiana

Schedule of Insurance in Force
December 31, 2018

Insurer	Type of Insurance	Coverage	Exp. Date
Special Risk Ins., Inc.	Business personal property	Building and contents \$ 1,182,174	6/13/2019
Special Risk Ins., Inc.	Auto liability	Each accident \$ 1,000,000 Uninsured motorist \$ 1,000,000	6/13/2019
LWCC	Workers compensation	Each accident \$ 1,000,000 Policy limit \$ 1,000,000	12/31/2019
Special Risk Ins., Inc.	Management liability	Aggregate \$ 2,000,000 Each accident \$ 1,000,000	6/13/2019
Special Risk Ins., Inc.	General liability	Aggregate \$ 2,000,000 Each accident \$ 1,000,000	6/13/2019

INTERNAL CONTROL, COMPLIANCE AND OTHER MATTERS

KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

C. Burton Kolder, CPA*
Victor R. Slaven, CPA*
Gerald A. Thibodeaux, Jr., CPA*
Robert S. Carter, CPA*
Arthur R. Mixon, CPA*
Brad E. Kolder, CPA, JD*
Stephen J. Anderson, CPA*
Christine C. Doucet, CPA
Wanda F. Arcement, CPA, CVA
Bryan K. Joubert, CPA
Matthew E. Margaglio, CPA
Casey L. Ardoin, CPA, CFE

183 S. Beadle Rd.
Lafayette, LA 70508
Phone (337) 232-4141

11929 Bricksome Ave.
Baton Rouge, LA 70816
Phone (225) 293-8300

1428 Metro Dr.
Alexandria, LA 71301
Phone (318) 442-4421

450 E. Main St.
New Iberia, LA 70560
Phone (337) 367-9204

200 S. Main St.
Abbeville, LA 70510
Phone (337) 893-7944

1201 David Dr.
Morgan City, LA 70380
Phone (985) 384-2020

434 E. Main St.
Ville Platte, LA 70586
Phone (337) 363-2792

332 W. Sixth Ave.
Oberlin, LA 70655
Phone (337) 639-4737

* A Professional Accounting Corporation

WWW.KCSRPCAS.COM

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of the St. Mary Parish Communications District (hereinafter "District"), a component unit of the Parish of St. Mary, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated May 8, 2019.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, we identified a deficiency in internal control that we consider to be a material weakness and which is described in the accompanying summary schedule of audit results and findings as item 2018-001.

Compliance and Other Matters

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

District's Response to Finding

The District's response to the finding identified in our audit is included in the accompanying corrective action plan for current audit findings. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Although the intended use of this report may be limited under the provisions of Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document in accordance with Louisiana Revised Statute 44:6.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
May 8, 2019

ST. MARY PARISH COMMUNICATIONS DISTRICT
Morgan City, Louisiana

Summary Schedule of Prior Audit Findings
Year Ended December 31, 2018

2017-001 – Inadequate Segregation of Accounting Functions

CONDITION: Accounting and financial functions are not adequately segregated.

RECOMMENDATION: The District's board is aware of this inadequacy and has concluded that the cost of hiring additional personnel to achieve complete segregations of duties would exceed its benefits. No additional response is deemed necessary.

CURRENT STATUS: This finding has been resolved.

2017-002 – Financial Reporting

CONDITION: Management and staff lack the expertise and/or experience in the selection and application of generally accepted accounting principle, as applicable to governmental entities, in the financial statement preparation process.

RECOMMENDATION: The additional costs required to achieve the desired benefit may not be economically feasible.

CURRENT STATUS: This finding has not been resolved. The financial reporting process will continue to be outsourced to the District's external auditors due to the increased cost necessary to correct the condition.

2017-003 – Failure to Publish Minutes

CONDITION: The District did not publish minutes for all its public meetings within a reasonable period of time.

RECOMMENDATION: We recommend that the District publish minutes of its open meetings in its official journal within a reasonable period of time.

CURRENT STATUS: This finding has been resolved.

ST. MARY PARISH COMMUNICATIONS DISTRICT
Morgan City, Louisiana

Schedule of Audit Results and Findings
Year Ended December 31, 2018

Part I. Summary of Auditor's Results:

Unmodified opinions were issued on the financial statements of the District's governmental activities and the major fund.

A material weakness in internal control was disclosed by the audit of the financial statements. No significant deficiencies were reported.

No instances of noncompliance which are material to the financial statements and required to be reported in accordance with *Government Auditing Standards* were disclosed during the audit.

A management letter was not issued.

Part II. Findings Relating to an Audit in Accordance with *Government Auditing Standards*

2018-001 – Financial Reporting

CONDITION: Management and staff lack the expertise and/or experience in the selection and application of generally accepted accounting principles, as applicable to governmental entities in the financial statement preparation process.

CRITERIA: The District's internal control over financial reporting includes those policies and procedures that pertain to its ability to record, process, summarize, and report financial data consistent with the assertions embodied in the financial statements, including the ability of its management and staff to detect potential misstatements that may exist in the financial statements and related disclosures.

CAUSE: The condition results from a reliance on the external auditor as part of the internal control process.

EFFECT: Financial statements and related notes may reflect a material departure from generally accepted accounting principles.

RECOMMENDATION: The additional costs required to achieve the desired benefit may not be economically feasible.

Part III. Findings and Questioned Costs Relating to Federal Programs

This section is not applicable for the year ended December 31, 2018.

ST. MARY PARISH COMMUNICATIONS DISTRICT
Morgan City, Louisiana

Corrective Action Plan for Current Audit Findings
Year Ended December 31, 2018

2018-001 – Financial Reporting

CONDITION: Management and staff lack the expertise and/or experience in the selection and application of generally accepted accounting principle, as applicable to governmental entities, in the financial statement preparation process.

MANAGEMENT'S RESPONSE: The financial reporting process will continue to be outsourced to the District's external auditors due to the increased cost necessary to correct the condition.

**ST. MARY PARISH
COMMUNICATION DISTRICT**

Statewide Agreed-Upon Procedures

Fiscal period January 1, 2018 through December 31, 2018

KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

C. Burton Kolder, CPA*
Victor R. Slaven, CPA*
Gerald A. Thibodeaux, Jr., CPA*
Robert S. Carter, CPA*
Arthur R. Mixon, CPA*
Brad E. Kolder, CPA, JD*
Stephen J. Anderson, CPA*
Christine C. Doucet, CPA
Wanda F. Arcement, CPA, CVA
Bryan K. Joubert, CPA
Matthew E. Margaglio, CPA
Casey L. Ardoin, CPA, CFE

183 S. Beadle Rd.
Lafayette, LA 70508
Phone (337) 232-4141

11929 Bricksome Ave.
Baton Rouge, LA 70816
Phone (225) 293-8300

1428 Metro Dr.
Alexandria, LA 71301
Phone (318) 442-4421

450 E. Main St.
New Iberia, LA 70560
Phone (337) 367-9204

200 S. Main St.
Abbeville, LA 70510
Phone (337) 893-7944

1201 David Dr.
Morgan City, LA 70380
Phone (985) 384-2020

434 E. Main St.
Ville Platte, LA 70586
Phone (337) 363-2792

332 W. Sixth Ave.
Oberlin, LA 70655
Phone (337) 639-4737

* A Professional Accounting Corporation

WWW.KCSRPCAS.COM

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

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

We have performed the procedures enumerated below, which were agreed to by the St. Mary Parish Communications District (hereinafter "District") and the Louisiana Legislative Auditor (LLA) on the control and compliance areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2018 through December 31, 2018, as required by the *Louisiana Governmental Audit Guide*. The District's management is responsible for those control and compliance areas identified in the SAUPs.

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

The procedures and associated exceptions are as follows:

Written Policies and Procedures

1. Obtain and inspect the District's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):

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

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

- b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

Written policies and procedures do not include provisions for (3) the preparation and approval process of purchase requisitions and purchase orders or (5) documentation required to be maintained for all bids and price quotes. However, the District's written policies and procedures do not require the use of purchase orders.

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

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

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

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

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

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

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

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

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

Written policies and procedures were obtained and address the functions noted above, with the exception of (5) monitoring card usage.

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

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

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

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

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

Written policies and procedures were obtained but do not specifically address the functions noted above. However, the District does not have any outstanding debt.

Board or Finance Committee

Note: Procedures excluded from testing in the current period—Per the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures, Year 2: "Entities that did not have exceptions in one or more of the twelve AUP categories tested during Year 1 may exclude those categories in Year 2."

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent documents.

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.
- c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

Bank Reconciliations

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

Obtained a listing of all client bank accounts for the fiscal period from management and management's representation that listing is complete. Selected the District's main operating account. All other accounts are savings or certificates of deposit accounts and not part of the District's daily operations. Randomly selected one month from the fiscal period.

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

No exceptions noted.

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

No exceptions noted.

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

No exceptions noted.

Collections

Note: Procedures excluded from testing in the current period—The District has a third-party contractor performing all collection functions. Per the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures-Frequently Asked Questions: "If an entity has a 3rd party contractor performing all collection functions (receiving collections, preparing deposits, and making deposits), is the practitioner required to perform the related Collections procedures? No, the related procedures would not be required to be tested at the entity."

- 4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
- 5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site, obtain and inspect written policies and procedures relating to employee job duties at each collection location, and observe that job duties are properly segregated at each collection location such that:

- a) Employees that are responsible for cash collections do not share cash drawers/registers.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. prenumbered receipts) to the deposit.
 - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
 - d) The employees responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.
6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit date if multiple deposits are made on the same day). Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc. Obtain supporting documentation for each of the 10 deposits and:
- a) Observe that receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
 - d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
 - e) Trace the actual deposit per the bank statement to the general ledger.

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

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

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

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

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

Only one employee, the Director, is involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

- b) At least two employees are involved in processing and approving payments to vendors.

No exceptions noted.

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

No exceptions noted.

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

The individual responsible for processing payments also mails the payment.

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

- a) Observe that the disbursement matched the related original invoice/billing statement.

No exceptions noted.

- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

No exceptions noted.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

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

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

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

Selected the Districts three (3) cards, randomly selected one monthly statement for each, and obtained supporting documentation.

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

No exceptions noted.

- b) Observe that finance charges and/or late fees were not assessed on the selected statements.

No exceptions noted.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

No exceptions noted.

Travel and Travel-Related Expense Reimbursement (excluding card transactions)

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

Obtained from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing is complete. The District had three (3) reimbursements; therefore, all were selected for testing.

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

No exceptions noted.

- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

No exceptions noted.

- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

No exceptions noted.

- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exceptions noted.

Contracts

Note: Procedures excluded from testing in the current period—Per the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures, Year 2: "Entities that did not have exceptions in one or more of the twelve AUP categories tested during Year 1 may exclude those categories in Year 2."

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Alternately, the practitioner may use an equivalent selection source, such as an active vendor list. Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Payroll and Personnel

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

Obtained a listing of employees employed during the fiscal year from management and management's representation that the listing is complete. Randomly selected five (5) employees, and obtained personnel files, and agreed paid salaries/rates to authorized salaries/rates in personnel files noting no exceptions.

17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

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

No exceptions noted.

- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.

No exceptions noted.

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

No exceptions noted.

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

Obtained a listing of those employees that received termination payments during the fiscal period and management's representation that the list is complete. Selected the one (1) employee who received a termination payment, obtained related documentation of the hours and pay rate used in the calculation of termination payment and agreed the hours to the District's cumulative records and pay rates to the employee's authorized pay rate.

19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Obtained management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under “Payroll and Personnel” above, obtain ethics documentation from management, and:

Requested ethics documentation for the five (5) employees selected under procedures #16.

- a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

No exceptions noted.

- b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity’s ethics policy during the fiscal period.

No exceptions noted.

Debt Service (excluding nonprofits)

21. Obtain a listing of bonds/notes issued during the fiscal period and management’s representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.

Obtained management’s representation that no bonds/notes were issued during the fiscal period.

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management’s representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

Obtained management’s representation that no bonds/notes were outstanding at the end of the fiscal period.

Other

Note: Procedures excluded from testing in the current period—Per the Louisiana Legislative Auditor’s Statewide Agreed-Upon Procedures, Year 2: “Entities that did not have exceptions in one or more of the twelve AUP categories tested during Year 1 may exclude those categories in Year 2.”

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management’s representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Management’s Response

The District’s management and board of commissioners concur with the exceptions and are working to address the deficiencies identified.

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

The purpose of this report is solely to describe the scope of testing performed on those control and compliance areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. This report is intended solely for the information of and use by the District's management and the LLA. Accordingly, this report is not suitable for any other purpose and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Kolder, Slaven & Company, LLC

Certified Public Accountants

Morgan City, Louisiana

May 8, 2019