

ST. MARY PARISH COUNCIL

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

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

And

**Independent Auditors' Reports on Internal Control and Compliance and Other Matters
For the Year Ended December 31, 2017**

ST. MARY PARISH COUNCIL

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, and the respective budgetary comparisons for the General Fund, Road Construction & Maintenance Fund, and Sanitation Fund of the St. Mary Parish Council (Council), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Council's primary government as listed in the table of contents under Basic Financial Statements. We have also audited the financial statements of each of the Council's nonmajor governmental funds presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and fund financial statements and individual fund budgetary comparison schedules as of and for the year ended December 31, 2017, as listed in the table of contents under Supplementary Information – Nonmajor Governmental Funds.

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 misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Fairview Treatment Center and Claire House, both non-major governmental funds, which statements represent .9 percent, .7 percent, and 11.7 percent respectively of the assets, net position, and revenues of the governmental activities of the primary government. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion insofar as it relates to the amounts included for those two funds, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units

The financial statements do not include financial data for the Council's legally separate component units. Accounting principles generally accepted in the United States of America require the financial data for those component units to be reported with the financial data of the Council's primary government unless the Council also issues financial statements for the financial reporting entity that include the financial data for its component units. The Council has not issued such reporting entity financial statements. Because of this departure from accounting principles generally accepted in the United States of America, the following information for the aggregate discretely presented component units which would have been presented is omitted from the financial statements: assets (\$184,600,000), deferred outflows of resources (\$2,750,000), liabilities (\$46,480,000), deferred inflows of resources (\$1,030,000), net position (\$139,850,000), revenues (\$61,340,000), and expenses (\$56,940,000).

Adverse Opinion

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units" paragraph, the financial statements referred to above do not present fairly, the financial position of the aggregate discretely presented component units of the Council, as of December 31, 2017, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the primary government of the St. Mary Parish Council as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund, Road Construction & Maintenance Fund, and Sanitation Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the primary government of the St. Mary Parish Council as of December 31, 2017, and the respective changes in financial position, and respective budgetary comparisons, where applicable thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, and Required Supplementary Information Schedule of the Council's Proportionate Share of the Net Pension Liability, Schedule of the Council's Contributions, and Schedule of Funding Progress, as listed in the table of contents 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 appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

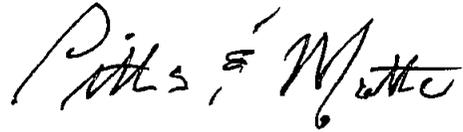
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the Council's primary government. The information listed as General Supplementary Information in the table of contents is presented for the purposes of additional analysis and is not a required part of the basic financial statements of the Council's primary government. The accompanying schedule of expenditures of federal awards, listed as Supplementary Information Required by Uniform Guidance in the table of contents is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is also not a required part of the basic financial statements of the Council's primary government.

The schedule of expenditures of federal awards and the information listed as General Supplementary Information in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information, except for that portion marked "unaudited" has been subjected to the auditing procedures applied in the audit of the basic financial statements of the Council's primary government, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit, the procedures performed as described above, and the reports of other auditors, the schedule of expenditures of federal awards and the information listed as General Supplementary Information in the table of contents is fairly stated in all material respects in relation to the basic financial statements of the Council's primary government as a whole. The information marked unaudited 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 June 21, 2018, on our consideration of the St. Mary Parish Council's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and in considering St. Mary Parish Council's internal control over financial reporting and compliance.



CERTIFIED PUBLIC ACCOUNTANTS

June 21, 2018
Morgan City, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS

ST. MARY PARISH COUNCIL

MANAGEMENT'S DISCUSSION AND ANALYSIS

As financial management of the St. Mary Parish Council (Council), we offer readers of these financial statements an overview and analysis of the financial activities of the Council. This narrative is designed to assist the reader in focusing on significant financial issues, identify changes in the Council's financial position, identify any material deviations from the approved budget documents, and identify individual fund issues and concerns. Readers should read the management's discussion and analysis (M D & A) in conjunction with the Council's financial statements and the notes to the financial statements also included in this report.

FINANCIAL HIGHLIGHTS

Key financial highlights for the year ending December 31, 2017 include the following:

- Assets and deferred outflows of resources of the primary government (which includes both governmental and business-type activities) exceeded its liabilities and deferred inflows of resources at the close of the year ended December 31, 2017 by approximately \$112 million (*net position*). Of this amount, approximately .8% or approximately \$900,000, (*unrestricted net position*) may be used to meet the Council's ongoing obligations to citizens and creditors.
- The Council's total net position decreased by approximately \$5 million during 2017. Governmental activities net position decreased by approximately \$4.3 million during 2017, while the business-type activities net position decreased by approximately \$750,000.
- As of the close of the fiscal year, the Council's governmental funds reported combined ending fund balances of approximately \$13 million. Approximately \$2.7 million is available for spending at the Council's discretion. (*unrestricted fund balance*).
- At December 31, 2017, fund balance for the General Fund, the Council's primary operating fund, was approximately \$2.2 million. \$1.7 million is nonspendable for the non-current portion of receivables. The remaining \$470,000 is unassigned.
- Major asset additions include a bulldozer, grass cutting equipment and a sewer cleaner.

OVERVIEW OF THE FINANCIAL STATEMENTS

With the implementation of the Governmental Accounting Standards Board Statement No. 34, the government's presentation of the financial statements has been greatly changed. This discussion and analysis is intended to serve as an introduction to the Council's basic financial statements. These financial statements are for the primary government only and do not include any component unit financial statements. The Council's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) the notes to the financial statements. This report also includes other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements, which include the Statement of Net Position and the Statement of Activities, are designed to be similar to private sector business in that all governmental and business-type activities are consolidated into columns which add to a total for the primary government. These statements combine the governmental fund's current financial resources with the capital assets and long-term obligations associated with the Council. Also presented in the government-wide financial statements is a total column for the business-type activities of the primary government.

The Statement of Net Position presents information on all of the Council's assets, deferred outflow of resources, liabilities, and deferred inflow of resources; with the difference reported as net position. Over time, changes in net position may serve as a useful indicator of whether the financial position of the Council is improving or deteriorating.

The Statement of Activities presents information showing how the Council's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. For example, uncollected taxes and earned but unused vacation leave result in cash flows for future periods. The focus of the Statement of Activities is on both the gross and net cost of various activities that are provided by the government's general tax and other revenues. This is intended to summarize information and simplify the user's analysis of the cost of various governmental services and/or subsidies to various business-type activities.

Both of the government-wide financial statements distinguish between functions of the Council that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Council include general government and administration, public safety, public works, sanitation, culture and recreation, health and welfare, urban redevelopment and housing and economic development and assistance. The business-type activities of the Council include the solid waste landfill, small animal control and Kemper Williams Park. The government-wide financial statements can be found on pages 17-18 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Council, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Traditional users of governmental financial statements will find the fund financial statement presentation more familiar. The focus is now on major funds, rather than generic fund types.

Governmental Funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. The governmental major funds presentation is presented on a sources and uses of liquid resources basis. This is the manner in which the financial plan is typically developed. Unlike the government-wide financial statements, governmental fund financial statements focus on near-term outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's current financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar

information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental funds balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Council maintains 28 governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General, Road Construction & Maintenance, Sanitation, Capital Improvement, CDBG Recovery, and the Combined Sewer Construction funds, all of which are considered to be major funds. Budgetary comparison schedules are also presented for each major fund except for the Capital Improvement and Combined Sewer Construction funds which do not have legally adopted budgets. Data from the other 22 funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements and individual budgetary comparison schedules, when applicable, elsewhere in this report. The basic governmental funds financial statements can be found on pages 17-29.

Proprietary Funds – The Council maintains three separate proprietary or enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Council uses enterprise funds to account for its solid waste disposal plant, recreation park and small animal control operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Reduction and Transfer Fund (solid waste disposal plant) and the Kemper Williams Park fund since both are considered to be major funds of the Council. Because the Small Animal Control fund is the only remaining enterprise fund, it is also being presented in the basic financial statements, even though the Council considers it to be a non-major fund.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are a required part of the basic financial statements and can be found on pages 30-72.

Other Information – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information, such as the budgetary comparison schedules for three of the major funds—General Fund, Road Construction & Maintenance Fund, and Sanitation Fund. The Council has chosen to present these schedules as part of the basic financial statements.

The supplementary information section referred to earlier in connection with the non-major governmental funds is presented immediately following the notes to the financial statements.

Also included in this report are the Office of Management and Budget Uniform Guidance Single Audit auditor reports, findings and schedules.

GOVERNMENT- WIDE FINANCIAL ANALYSIS

The following table reflects the condensed Statement of Net Position for 2017, with comparative figures from 2016:

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Assets:						
Current and other assets						
(other than internal balances)	\$ 20,341,537	\$ 22,668,305	\$ 2,298,997	\$ 3,568,931	\$ 22,640,534	\$ 26,237,236
Restricted assets	-	-	2,681,259	3,633,205	2,681,259	3,633,205
Internal balances	(6,278,987)	(5,217,383)	6,278,987	5,217,383	-	-
Capital assets, net	<u>106,563,253</u>	<u>110,073,211</u>	<u>22,547,950</u>	<u>22,534,922</u>	<u>129,111,203</u>	<u>132,608,133</u>
Total assets	120,625,803	127,524,133	33,807,193	34,954,441	154,432,996	162,478,574
Deferred outflows of resources	<u>2,175,986</u>	<u>3,366,669</u>	<u>1,382,806</u>	<u>981,981</u>	<u>3,558,792</u>	<u>4,348,650</u>
Total assets and deferred outflows of resources	<u>122,801,789</u>	<u>130,890,802</u>	<u>35,189,999</u>	<u>35,936,422</u>	<u>157,991,788</u>	<u>166,827,224</u>
Liabilities:						
Current Liabilities						
(other than internal balances)	3,212,511	6,239,405	1,041,721	1,040,638	4,254,232	7,280,043
Long-term liabilities	<u>24,397,064</u>	<u>25,301,805</u>	<u>17,085,207</u>	<u>17,057,990</u>	<u>41,482,271</u>	<u>42,359,795</u>
Total liabilities	<u>27,609,575</u>	<u>31,541,210</u>	<u>18,126,928</u>	<u>18,098,628</u>	<u>45,736,503</u>	<u>49,639,838</u>
Deferred inflows of resources	<u>483,380</u>	<u>375,042</u>	<u>74,289</u>	<u>94,409</u>	<u>557,669</u>	<u>469,451</u>
Net position:						
Net investment in capital assets						
	91,909,269	93,526,153	11,363,826	11,117,942	103,273,095	104,644,095
Restricted	5,220,056	4,540,478	2,307,759	(787,544)	7,527,815	3,752,934
Unrestricted	<u>(2,420,491)</u>	<u>907,919</u>	<u>3,317,197</u>	<u>7,412,987</u>	<u>896,706</u>	<u>8,320,906</u>
Total net position	<u>\$ 94,708,834</u>	<u>\$ 98,974,550</u>	<u>\$ 16,988,782</u>	<u>\$ 17,743,385</u>	<u>\$ 111,697,616</u>	<u>\$ 116,717,935</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Council, assets plus deferred outflow of resources of the primary government exceeded liabilities by approximately \$112 million as of December 31, 2017; this is a decrease of \$5 million from 2016. This change in net position is the net effect of current year activity. All of these factors will be discussed in more detail later in this analysis. The largest portion of the Council's net position (92%) or approximately \$103 million reflects its investment in capital assets (e.g. land, building, equipment, improvements, construction in progress and infrastructure), less any debt used to acquire those assets that is still outstanding. The Council uses these capital assets to provide services to citizens; consequently these assets are not available for future spending. Although the Council's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Council's net position (6.7%) or \$7.5 million represents resources that are subject to external restriction on how they may be used. This amount has increased from the prior year by approximately \$3.8 million. The remaining balance of unrestricted net position, approximately \$900,000 or .8%, may be used to meet the government's ongoing obligations to citizens and creditors.

As of December 31, 2017, the Council was able to report positive balances in all three categories of net position for the government as a whole, as well as for its separate governmental activities. There was however, a deficit in unrestricted net assets in the governmental activities for December 31, 2017, which was caused by decreases in overall fund balances and increases in deferred outflows of resources related to pension obligations. This deficit increased by approximately \$3.3 million in 2017.

Governmental Activities: Governmental activities decreased net position by approximately \$4.3 million. Decreases in Capital Grants and Contributions and ad valorem taxes were the main factors for the 2017 decrease. There is also a prior period adjustment decreasing net position by \$250,000 related to the correction of a receivable from a prior year.

Business-type Activities: Net position from business-type activities decreased by \$750,000 or approximately 4%. Revenues slightly increased overall and expenses slightly decreased in 2017. In 2016, the Capital Contribution of the new Small Animal Control Building offset the deficit.

The table on the following page provides a summary for both governmental and business-type changes in net position for the year ended December 31, 2017 with comparative totals for the year ended December 31, 2016.

The Council's total operating revenues for the year ended December 31, 2017 were approximately \$32.7 million and the total cost of all programs and services was \$37.5 million. Net position decreased by \$5 million from *operations* during the year. The following analysis separately describes the operations of governmental and business-type activities.

Governmental activities net position decreased by approximately \$4.3 million in 2017. The cost of all governmental activities this year was \$31.6 million. As shown in the Statement of Activities on the following page, the amount that the taxpayers of St. Mary Parish financed through taxes, royalties and assessments was approximately \$14.4 million. The amount in revenues that was paid by those who directly benefited from the programs was \$2.7 million and \$11.7 million was funding received from other governments and organizations by means of grants and contributions. Interest received on investments amounted to approximately \$164,000.

Program revenues, which amounted to approximately \$14.3 million covered approximately 45% of total governmental costs, the remainder was paid with taxes and other revenues, such as investment earnings, royalties, and state revenue sharing.

St. Mary Parish Council
Statement of Changes in Net Position
For the years ended December 31,

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program Revenue:						
Charges for services	\$ 2,664,124	\$ 2,880,864	\$ 3,678,494	\$ 3,563,515	\$ 6,342,618	\$ 6,444,379
Operating grants and contributions	6,647,256	6,680,782	32,967	32,440	6,680,223	6,713,222
Capital grants and contributions	5,010,112	8,670,114	-	-	5,010,112	8,670,114
General Revenues:						
Sales and use taxes	5,513,463	5,518,387	-	-	5,513,463	5,518,387
Ad valorem taxes	3,220,585	3,768,673	-	-	3,220,585	3,768,673
Severance taxes	1,004,271	1,002,613	-	-	1,004,271	1,002,613
Other taxes, penalties and interest	87,151	65,338	-	-	87,151	65,338
Royalty road funds	4,044,286	3,557,272	-	-	4,044,286	3,557,272
State shared revenues	481,441	475,680	-	-	481,441	475,680
Investment income	164,047	153,569	53,660	49,821	217,707	203,390
Gain on refunding	-	-	-	-	-	-
Nonemployer pension contributions	58,360	63,855	14,866	-	73,226	63,855
Total revenues	28,895,096	32,837,147	3,779,987	3,645,776	32,675,083	36,482,923
Expenses:						
General government	7,590,550	7,776,283	-	-	7,590,550	7,776,283
Public safety	4,422,701	4,495,057	-	-	4,422,701	4,495,057
Public works	9,496,237	13,120,971	-	-	9,496,237	13,120,971
Sanitation	1,876,268	1,903,180	-	-	1,876,268	1,903,180
Culture & recreation	2,273,476	2,354,426	-	-	2,273,476	2,354,426
Health & Welfare	4,834,455	5,018,652	-	-	4,834,455	5,018,652
Urban redevelopment & housing	400,624	348,424	-	-	400,624	348,424
Economic development & assistance	263,072	269,969	-	-	263,072	269,969
Interest and fees on long-term debt	482,429	540,804	-	-	482,429	540,804
Solid Waste Landfill	-	-	4,669,251	4,782,023	4,669,251	4,782,023
Small Animal Control	-	-	415,188	353,126	415,188	353,126
Kemper Williams Park	-	-	721,151	680,125	721,151	680,125
Total expenses	31,639,812	35,827,766	5,805,590	5,815,274	37,445,402	41,643,040
Increase (decrease) in net position before special items and transfers	(2,744,716)	(2,990,619)	(2,025,603)	(2,169,498)	(4,770,319)	(5,160,117)
Transfers	(1,271,000)	(1,275,000)	1,271,000	1,275,000	-	-
Capital Contributions	-	-	-	1,058,786	-	1,058,786
Increase (decrease) in net position	(4,015,716)	(4,265,619)	(754,603)	164,288	(4,770,319)	(4,101,331)
Net position - beginning	98,974,550	103,240,169	17,743,385	17,579,097	116,717,935	120,819,266
Prior period adjustment	(250,000)	-	-	-	(250,000)	-
Net position - beginning (as adjusted)	98,724,550	103,240,169	17,743,385	17,579,097	116,467,935	120,819,266
Net position - ending	\$ 94,708,834	\$ 98,974,550	\$ 16,988,782	\$ 17,743,385	\$111,697,616	\$116,717,935

As mentioned previously, the Council's total net position decreased by \$5 million during the current year. *Governmental activities* net position decreased by \$4.3 million. Some factors affecting the change in net position for governmental activities were:

1. Total revenues decreased by approximately \$4 million or 12%. Program revenues decreased by \$3.9 million. An increase in Royalty Road Funds was offset by decreases in Capital Grants and Contributions and ad valorem taxes.
2. Operating expenditures decreased by approximately \$4.2 million or 12%. The main part of this decrease is due to a decrease in public works of \$3.6 million.

Business-type activities net position decreased by approximately \$755,000 in 2017.

The Reduction and Transfer fund, the Small Animal Control fund, and the Kemper Williams Park funds all had excesses of expenses over revenues for the year. After non-operating activities and operating transfers, the Reduction and Transfer fund and the Kemper Williams Park fund and the Small Animal Control fund had decreases in net position. The net effect, after transfers, was an overall decrease in net position of approximately \$755,000 for all three enterprise funds.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental Funds: Governmental fund equity is classified into five categories: non spendable, restricted, committed, assigned and unassigned. A more detailed description of these classifications can be found in Note 1 to the financial statements on page 43.

As of the end of the current year, the Council's governmental funds reported combined ending fund balances of approximately \$12.5 million, a decrease of \$1.2 million in comparison to the prior year. At the end of 2017, approximately 27% or \$3.4 million of this total amount constitutes assigned fund balance. \$3.6 million, or 29%, is restricted for specific uses. \$2.5 million is considered non spendable for non-current receivables. The remaining \$3 million is unassigned.

The General Fund is the chief operating fund of the St. Mary Parish Council. At the end of the fiscal year, total fund balance of the General Fund was approximately \$2.2 million. \$1.7 million is non spendable for non-current portion of receivables. The remaining \$500,000 is unassigned. Compared with total fund balance of approximately \$2.6 million at the end of 2016, fund balance decreased by \$500,000 during 2017.

Fund balance in the Road Construction and Maintenance Fund decreased by approximately \$200,000 as a result of normal operations.

Proprietary Funds: The Council's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. At the end of the current fiscal year, the Council's proprietary funds reported combined ending net position of approximately \$17 million, a decrease of \$755,000 in comparison with the prior.

The Reduction and Transfer fund had a decrease in net position of approximately \$430,000 in 2017. The Small Animal Control fund had a decrease in net position of approximately \$167,000 in 2017 and the Kemper Williams Park fund had a decrease in net position of approximately \$158,000 in 2017.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Council made revisions to the original appropriations which resulted in the final amended budget for 2017. Overall these changes resulted in an increase in budgeted revenues of approximately \$150,000 or approximately 2.2%. The majority of this amended increase is in the area of federal and state grants which makes up \$112,000. These differences are due to the Council's policy of not adopting budgets for grants until it is almost certain of the amount and timing of receipt of the grant monies.

When actual results for 2017 are compared with the final budget, revenue collections were under budget by approximately \$800,000. This is mainly due to ad valorem taxes being below anticipated budgeted amounts by \$512,000.

The actual charges to appropriations (expenditures) were \$1.1 million under the final budgeted amounts.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets: From the schedule below, the Council's investment in capital assets for its governmental and business-type activities as of December 31, 2017 amounts to \$129 million (net of accumulated depreciation). This investment in capital assets includes land, infrastructure, buildings, equipment, and furniture and various construction projects within the parish.

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 1,870,876	\$ 1,870,876	\$ 2,052,372	\$ 2,052,372	\$ 3,923,248	\$ 3,923,248
Land improvements	-	-	1,750,227	1,750,227	1,750,227	1,750,227
Construction in progress	6,897,344	6,798,063	109,658	156,612	7,007,002	6,954,675
Infrastructure	70,070,144	73,424,096	-	-	70,070,144	73,424,096
Buildings	8,631,562	9,103,785	1,126,722	1,188,661	9,758,284	10,292,446
Equipment and furniture	2,704,552	3,048,445	2,022,474	1,998,469	4,727,026	5,046,914
Improvements	16,388,775	15,827,946	15,486,497	15,388,581	31,875,272	31,216,527
Totals	<u>\$ 106,563,253</u>	<u>\$ 110,073,211</u>	<u>\$ 22,547,950</u>	<u>\$ 22,534,922</u>	<u>\$ 129,111,203</u>	<u>\$ 132,608,133</u>

Major capital asset events during the current fiscal year included the following:

- Chitimacha Trail Road -- \$778,000
- Glencoe Water System -- \$322,000
- Wilson's Boat Landing Improvements -- \$634,000
- Landfill Shredder Building Improvements -- \$708,000

Long-term Debt: The table below reflects the Council's long-term debt at December 31, 2017 with comparative figures from 2016. Governmental activities account for 56% of the total debt at December 31, 2017.

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
General obligation debt	\$ 8,086,000	\$ 8,547,000	-	-	\$ 8,086,000	\$ 8,547,000
Revenue bonds	6,100,000	7,150,000	-	-	6,100,000	7,150,000
Public parks and recreation bonds	-	285,000	-	-	-	285,000
Bonds payable	-	-	\$ 10,575,000	\$ 11,485,000	10,575,000	11,485,000
Original issue premium	39,376	45,434	609,124	-	648,500	45,434
Original issue discount	-	-	-	(68,020)	-	(68,020)
Compensated absences	230,000	119,000	-	-	230,000	119,000
Total	\$ 14,455,376	\$ 16,146,434	\$ 11,184,124	\$ 11,416,980	\$ 25,639,500	\$ 27,563,414

Business-type long-term debt is responsible for \$11.2 million or 44% of the Council's total debt. This debt is comprised of three issues—the unrefunded portion of the Solid Waste Bonds, Series 2010 that were issued for expansion at the parish landfill and Solid Waste Sales Tax Bonds, Series 2013 that were issued to refund the 2008 bonds to reduce interest rates and the Solid Waste Sales Tax Refunding Bonds, Series 2017 that were issued to partially refund the 2010 bonds to reduce total debt service payments. The Council's total debt had a net decrease of approximately \$1.9 million during the current fiscal year. Additional information concerning the Council's long-term debt can be obtained from Note 11 on pages 53-57 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In the fiscal year 2018 budget, ad valorem revenues are budgeted at approximately the same amount as the 2017 budgeted revenues. These revenues reflect 37% of general fund budgeted revenues and combined with transfers in, provide 67% of budgeted general fund revenues.

After a slight decrease in 2009, sales taxes in the parish increased through 2013 while decreasing slightly in 2014 and moderately in 2015. Sales Tax Collections decreased approximately 8% in 2016, while 2017 collections were equal to 2016 and collections are expected to remain the same in 2018. This is primarily due to a decrease in oil and gas work activity as a result of lower oil prices. In the Road Maintenance Fund, Royalty Road Revenues are budgeted slightly higher than the final revenue for 2017. The 2017 royalty road revenues increase approximately 14% compared to the prior year. These funds are constantly monitored and should be noted that the 2014 revenues were the most collected at \$9.1 million. It is expected that 2018 Royalty Road Revenues will be the same as 2017, based on collections year to date. Except for garbage collection rates, which were adjusted in 2006 due to an increase in garbage collection charges under a new contract, the Parish's rates and charges for services remain the same for 2018 and revenues are budgeted similar to 2017.

These 2018 revenue projections combined with expenditures such as personnel, fuel costs, insurance, and cost of goods; which are expected to be the same or slightly lower than 2017, have required the Parish Council to provide a basic budget in order to continue to provide the level of service to its citizens.

In 2004 and 2005, the Parish Council had refunded much of its outstanding debt at a lower interest rate in order to lower its annual debt service and in some instances decrease the term. In 2008, two more issues were refinanced to obtain lower interest rates at a substantial savings to the Parish. The Parish also refunded outstanding Jail Construction Bonds which provided a lower interest rate and a decrease in the annual debt service requirement while providing an additional \$1.2 million for additional jail improvements to its mechanical systems, its electronic security system and provides for an emergency generator. The 2010 Sales Tax – Solid Waste Bonds have been refinanced in 2017 reflecting additional savings.

The Parish issued \$6.865 million in Sales Tax Public Improvement bonds in 2011 for the purpose of funding improvements to the St. Mary Parish Courthouse and several other Parish buildings. These funds have been expended over the past three years and are expected to be fully expended in 2018. The annual debt service payment is budgeted in Fund 224, Sales Tax Bond Sinking fund. The final payment of the \$2.9 million, 2003 Public Improvement Bond was made in 2012, thereby freeing up the necessary sales tax revenues for this additional debt.

In 2018, the Parish has issued 20 year, \$10 million dollar Road Improvement Revenue Bonds for overlay, reconstruction and improvements to parish roads. A portion of the bonds will be allocated to the five municipalities for road improvements in its respective jurisdictions. It is anticipated that these improvement projects will begin in the latter part of 2018 and throughout 2019.

In 2017, the Parish's overall economic activity has remained somewhat flat due to the decrease in activity of the oil and gas industry sector. Sales tax collections year to date are a reflection of that activity. We have been able to sustain a certain level of economic activity in various other sectors and anticipate this to continue. It should be noted that the Parish's budgeted revenues reflect the anticipated flat revenue projections due to the downturn in our economic activity.

In 2006, the voters of St. Mary Parish approved to permit the berthing of a riverboat casino in the Parish. In 2007, the casino opened and as part of an agreement, the Parish received additional funds in the form of a direct payment. In 2017, a new ten (10) year agreement has been negotiated and direct annual payments will continue through 2027. The casino continues to operate and in addition to the creation of new jobs in the Parish, the economy continues to receive a positive impact through the purchase of goods and services.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the St. Mary Parish Council's finances for all those with an interest in the Council's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Henry C. LaGrange, Chief Administrative Officer, Fifth Floor—Courthouse, Franklin, LA 70538.

BASIC FINANCIAL STATEMENTS

ST. MARY PARISH COUNCIL
Statement of Net Position
December 31, 2017

	Governmental <u>Activities</u>	Business-type <u>Activities</u>	<u>Total</u>
ASSETS			
Current assets			
Cash and cash equivalents	\$ 2,462,695	\$ 1,182	\$ 2,463,877
Investments	7,971,800	1,499,191	9,470,991
Receivables (net of allowances for uncollectibles)	406,801	724,980	1,131,781
Due from component units	2,289,237		2,289,237
Due from other governments	7,206,784	73,644	7,280,428
Other assets	4,220		4,220
Internal balances	<u>(2,879,162)</u>	<u>2,879,162</u>	<u>-</u>
Total current assets	<u>17,462,375</u>	<u>5,178,159</u>	<u>22,640,534</u>
Noncurrent assets			
Restricted cash		1,838,103	1,838,103
Restricted investments		843,156	843,156
Internal balances	<u>(3,399,825)</u>	<u>3,399,825</u>	<u>-</u>
Total restricted assets	<u>(3,399,825)</u>	<u>6,081,084</u>	<u>2,681,259</u>
Capital assets			
Land and improvements	1,870,876	3,802,599	5,673,475
Buildings, net of accumulated depreciation	8,631,562	1,126,722	9,758,284
Improvements other than buildings, net of accumulated depreciation	16,388,775	15,486,497	31,875,272
Equipment and furniture, net of accumulated depreciation	2,704,552	2,022,474	4,727,026
Infrastructure, net of accumulated depreciation	70,070,144		70,070,144
Construction in progress	<u>6,897,344</u>	<u>109,658</u>	<u>7,007,002</u>
Total noncurrent assets	<u>103,163,428</u>	<u>28,629,034</u>	<u>131,792,462</u>
Total assets	<u>120,625,803</u>	<u>33,807,193</u>	<u>154,432,996</u>
DEFERRED OUTFLOWS OF RESOURCES			
Gain on refunding	84,000	849,900	933,900
Related to Pensions	<u>2,091,986</u>	<u>532,906</u>	<u>2,624,892</u>
Total deferred outflows of resources	<u>2,175,986</u>	<u>1,382,806</u>	<u>3,558,792</u>
Total assets and deferred outflows of resources	<u>\$ 122,801,789</u>	<u>\$ 35,189,999</u>	<u>\$ 157,991,788</u>
LIABILITIES			
Liabilities			
Current liabilities			
Accounts payable	\$ 564,099	\$ 246,721	\$ 810,820
Contracts payable	280,498		280,498
Retainage payable	61,319		61,319
Accrued liabilities	260,539		260,539
Due to other governments	187,488		187,488
Accrued interest payable	165,642		165,642
Current portion of long-term debt	1,591,318	795,000	2,386,318
Current portion of lease obligation payable	<u>101,608</u>		<u>101,608</u>
Total current liabilities	<u>3,212,511</u>	<u>1,041,721</u>	<u>4,254,232</u>
Noncurrent liabilities			
Other post-employment benefits	9,578,900	1,581,600	11,160,500
Compensated absences	230,000		230,000
Long-term debt	12,634,058	10,389,124	23,023,182
Landfill closure costs and post-closure care costs		4,700,000	4,700,000
Net pension liability	1,627,106	414,483	2,041,589
Lease obligation payable	<u>327,000</u>		<u>327,000</u>
Total noncurrent liabilities	<u>24,397,064</u>	<u>17,085,207</u>	<u>41,482,271</u>
Total liabilities	<u>27,609,575</u>	<u>18,126,928</u>	<u>45,736,503</u>
DEFERRED INFLOWS OF RESOURCES			
Related to Pensions	291,631	74,289	365,920
Unavailable revenues	<u>191,749</u>	<u>-</u>	<u>191,749</u>
Total deferred inflows of resources	<u>483,380</u>	<u>74,289</u>	<u>557,669</u>
Total liabilities and deferred inflows of resources	<u>28,092,955</u>	<u>18,201,217</u>	<u>46,294,172</u>
NET POSITION			
Net investment in capital assets	91,909,269	11,363,826	103,273,095
Restricted for:			
Capital projects	587,605		587,605
Debt service	2,239,979	2,307,759	4,547,738
Other purposes	2,392,472		2,392,472
Unrestricted	<u>(2,420,491)</u>	<u>3,317,197</u>	<u>896,706</u>
Total net position	<u>94,708,834</u>	<u>16,988,782</u>	<u>111,697,616</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 122,801,789</u>	<u>\$ 35,189,999</u>	<u>\$ 157,991,788</u>

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

ST. MARY PARISH COUNCIL

Statement of Activities
Year Ended December 31, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities							
General government	7,590,550	\$ 1,021,061	\$ 1,374,786	\$ 3,274,814	\$ (1,919,889)		\$ (1,919,889)
Public safety	4,422,701	4,454	-	186,312	(4,231,935)		(4,231,935)
Public works	9,496,237	-	933,101	1,500,000	(7,063,136)		(7,063,136)
Sanitation	1,876,268	1,365,060	92,049	48,986	(370,173)		(370,173)
Culture & recreation	2,273,476	60,040	25,115		(2,188,321)		(2,188,321)
Health & welfare	4,834,455	213,509	3,822,506		(798,440)		(798,440)
Urban redevelopment & housing	400,624		399,699		(925)		(925)
Economic development & assistance	263,072				(263,072)		(263,072)
Interest on long-term debt	474,615				(474,615)		(474,615)
Fees on long-term debt	7,814				(7,814)		(7,814)
Total governmental activities	31,639,812	2,664,124	6,647,256	5,010,112	(17,318,320)		(17,318,320)
Business-type activities							
Solid Waste Landfill	4,669,251	3,445,819				\$ (1,223,432)	(1,223,432)
Small Animal Control	415,188	121,036				(294,152)	(294,152)
Kemper Williams Park	721,151	111,639	32,967			(576,545)	(576,545)
Total business-type activities	5,805,590	3,678,494	32,967	-		(2,094,129)	(2,094,129)
Total	\$ 37,445,402	\$ 6,342,618	\$ 6,680,223	\$ 5,010,112	\$ (17,318,320)	\$ (2,094,129)	\$ (19,412,449)
General revenues:							
Taxes:							
					5,513,463		5,513,463
					3,130,409		3,130,409
					90,176		90,176
					1,004,271		1,004,271
					87,151		87,151
					4,044,286		4,044,286
					481,441		481,441
					164,047	53,660	217,707
					58,360	14,866	73,226
					(1,271,000)	1,271,000	-
					13,302,604	1,339,526	14,642,130
					(4,015,716)	(754,603)	(4,770,319)
					98,974,550	17,743,385	116,717,935
					(250,000)		(250,000)
					98,724,550	17,743,385	116,467,935
					\$ 94,708,834	\$ 16,988,782	\$ 111,697,616

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

ST. MARY PARISH COUNCIL

Balance Sheet
Governmental Funds
December 31, 2017

	General Fund	Road Construction & Maintenance Fund	Sanitation Fund	Capital Improvement Fund	CDBG Recovery Fund	Combined Sewer Construction Fund	Other Governmental Funds	Total Governmental Funds
ASSETS								
Cash and cash equivalents	\$ 7,527	\$ 128		\$ 1	\$ 1,145	\$ 1,110	\$ 2,452,784	\$ 2,462,695
Investments		1,203,845	2,366,621	749,573		1,310,403	2,341,358	7,971,800
Receivables (net of allowances for uncollectibles)	106,817	54,083	180,370				65,531	406,801
Due from component units	1,778,304		740			510,193		2,289,237
Due from other governments	3,096,774	1,005,822	415,481	820,898			1,867,809	7,206,784
Advance to other funds						146,342	1,717,047	1,863,389
Other assets							4,220	4,220
Total assets	\$ 4,989,422	\$ 2,263,878	\$ 2,963,212	\$ 1,570,472	\$ 1,145	\$ 1,968,048	\$ 8,448,749	\$ 22,204,926
LIABILITIES								
Accounts payable	\$ 156,443	\$ 43,614	\$ 172,366			\$ 423	\$ 191,253	\$ 564,099
Contracts payable				280,498				280,498
Retainage payable				61,319				61,319
Accrued liabilities	155,282	49,202	2,383				53,672	260,539
Due to other governments							187,488	187,488
Advance from other funds	2,509,370	1,658,009	2,211,933	642,195			1,120,869	8,142,376
Total liabilities	2,821,095	1,750,825	2,386,682	984,012	-	423	1,553,282	9,496,319
Deferred inflows of resources							191,749	191,749
Total liabilities and deferred inflows	2,821,095	1,750,825	2,386,682	984,012	-	423	1,745,031	9,688,068
FUND BALANCES								
Fund balances (deficits)								
Nonspendable - non-current receivables	1,700,000			306,103		510,193		2,516,296
Restricted for								
Use in specific geographic areas							1,180,571	1,180,571
Debt service							2,405,621	2,405,621
Assigned for								
General Government							241,876	241,876
Public safety							165,603	165,603
Culture & recreation							294,787	294,787
Health & welfare							666,528	666,528
Urban redevelopment & housing							5,759	5,759
Debt service							1,206,023	1,206,023
Sanitation			576,530					576,530
Capital projects				280,357	1,145			281,502
Unassigned	468,327	513,053				1,457,432	536,950	2,975,762
Total fund balances	2,168,327	513,053	576,530	586,460	1,145	1,967,625	6,703,718	12,516,858
Total liabilities and fund balances	\$ 4,989,422	\$ 2,263,878	\$ 2,963,212	\$ 1,570,472	\$ 1,145	\$ 1,968,048	\$ 8,448,749	\$ 22,204,926

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

ST. MARY PARISH COUNCIL

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
December 31, 2017

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

Total fund balance - Governmental Funds		\$ 12,516,858
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet.		106,563,253
Interest payable on long-term debt does not require current financial resources, and, therefore, interest payable is not reported as a liability in the governmental funds balance sheet.		(165,642)
Noncurrent liabilities are not due and payable in the current period and, therefore, they are not reported in the governmental funds balance sheet:		
Current portion of long-term debt	\$ 1,591,318	
Noncurrent portion of long-term debt	12,634,058	
Lease obligation	428,608	
Compensated absences	230,000	
Other post-employment benefit plans	9,578,900	
Net pension liability	<u>1,627,106</u>	<u>(26,089,990)</u>
Deferred outflows and inflows of resources do not affect the current period and, therefore, they are not reported in the governmental fund balance sheet:		
Deferred outflows Gain on Refunding	84,000	
Deferred outflows of resources related to pensions	2,091,986	
Deferred inflows of resources related to pensions	<u>(291,631)</u>	<u>1,884,355</u>
Net position of governmental activities		<u>\$ 94,708,834</u>

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

ST. MARY PARISH COUNCIL

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ending December 31, 2017

	General Fund	Road Construction & Maintenance Fund	Sanitation Fund	Capital Improvement Fund	CDBG Recovery Fund	Combined Sewer Construction Fund	Other Governmental Funds	Total Governmental Funds
REVENUES								
Taxes								
Sales and use			\$ 2,389,446				\$ 3,124,017	\$ 5,513,463
Ad valorem	\$ 3,088,496						132,089	3,220,585
Other taxes, penalties, & interests, etc.	87,151							87,151
Intergovernmental revenues								
Federal grants	60,663			\$ 444,965	\$ 2,558,720		1,677,495	4,741,843
Medicaid							2,102,000	2,102,000
State funds								
State grants	102,681	\$ 104,760	92,049	1,134,134			451,660	1,885,284
State revenue sharing	481,441							481,441
Royalty road funds		4,044,286						4,044,286
Parish road transportation funds		439,010						439,010
Severance taxes	1,004,271							1,004,271
Local								
Criminal court fund	1,948		48,986	271,129			201,777	521,892
Riverboat fees							1,500,000	1,500,000
Licenses & permits	731,681						22,635	754,316
Fees, charges, & commission	180,106		1,365,060				176,359	1,721,525
Mosquito abatement	180,277							180,277
Investment earnings & interest	82,439	1,515	19,029	(1,622)		\$ 20,048	42,638	164,047
Other revenues	40,550	389,331		30,000			7,458	467,339
Total revenues	6,041,704	4,978,902	3,914,570	1,878,606	2,558,720	20,048	9,438,128	28,830,678
EXPENDITURES								
Current:								
General government	5,233,762						326,492	5,560,254
Public safety	733,160		169,783				2,300,048	3,202,991
Public works	272,536	3,673,502					187,302	4,133,340
Sanitation			1,871,352			4,916		1,876,268
Culture & recreation	753,069						385,662	1,138,731
Health & welfare	826,082		68,491				3,593,069	4,487,642
Urban redevelopment & housing							400,624	400,624
Economic development & assistance	263,072							263,072
Miscellaneous	3,366					65		3,431
Bad debts								
FEMA Reimbursement		305,035						305,035
Capital outlay				2,218,881	2,558,720		51,073	4,828,674
Debt service								
Principal							1,796,000	1,796,000
Interest							500,509	500,509
Fees							7,814	7,814
Total expenditures	8,085,047	3,978,537	2,109,626	2,218,881	2,558,785	4,916	9,548,593	28,504,385
Excess (deficiency) of revenues over (under) expenditures	(2,043,343)	1,000,365	1,804,944	(340,275)	(65)	15,132	(110,465)	326,293
OTHER FINANCING SOURCES								
Operating transfers in	3,380,000					500,000	3,046,383	6,926,383
Operating transfers out	(1,565,708)	(1,200,000)	(1,932,000)				(3,499,675)	(8,197,383)
Total other financing sources (uses)	1,814,292	(1,200,000)	(1,932,000)			500,000	(453,292)	(1,271,000)
Net change in fund balance	(229,051)	(199,635)	(127,056)	(340,275)	(65)	515,132	(563,757)	(944,707)
Fund balance at beginning of year	2,647,378	712,688	703,586	926,735	1,210	1,452,493	7,267,475	13,711,565
Prior-Period Adjustment	(250,000)							(250,000)
Fund balance at end of year	\$ 2,168,327	\$ 513,053	\$ 576,530	\$ 586,460	\$ 1,145	\$ 1,967,625	\$ 6,703,718	\$ 12,516,858

ST. MARY PARISH COUNCIL

Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2017

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

Net change in fund balance - Governmental Funds \$ (944,707)

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

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation (\$5,754,615) exceeded capital outlays (\$2,244,658) meeting the Council's Capitalization policy in the current period. (3,509,957)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces noncurrent liabilities in the statement of net position.

Repayments of principal on long term debt	1,802,058	
Decrease in accrued interest	37,894	
Amortize gain on refunding	(12,000)	
Net adjustment		<u>1,827,952</u>

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

Other post employment benefits	(963,000)	
Lease obligation expense	91,016	
Increase in accrued compensated absences	(111,000)	
Net adjustment		<u>(982,984)</u>

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

Increase in pension expense	(464,380)	
Non employer pension contributions	58,360	
Net adjustment		<u>(406,020)</u>

Change in net position of governmental activities \$ (4,015,716)

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

ST. MARY PARISH COUNCIL

Statement of Net Position
Proprietary Funds
December 31, 2017

	Business-type Activities			Total
	Enterprise Funds			
	Reduction and Transfer Fund	Small Animal Control Fund	Kemper Williams Park Fund	
ASSETS				
Current assets				
Cash and cash equivalents	\$ 942		\$ 240	\$ 1,182
Investments	1,499,191			1,499,191
Receivables (net of allowances for uncollectibles)	713,489	\$ 6,725	4,766	724,980
Due from other governments	73,644			73,644
Advance to other funds	2,587,004	182,475	109,683	2,879,162
Total current assets	4,874,270	189,200	114,689	5,178,159
Noncurrent assets				
Restricted cash	1,838,103			1,838,103
Restricted investments	843,156			843,156
Restricted advances	3,399,825			3,399,825
Total restricted assets	6,081,084	-	-	6,081,084
Property, plant, and equipment (net of accumulated depreciation)	18,985,669	1,023,593	2,538,688	22,547,950
Total noncurrent assets	25,066,753	1,023,593	2,538,688	28,629,034
Total assets	29,941,023	1,212,793	2,653,377	33,807,193
DEFERRED OUTFLOWS OF RESOURCES				
Debt redemption costs	849,900			849,900
Related to pension	369,206	67,869	95,831	532,906
Total deferred outflows of resources	1,219,106	67,869	95,831	1,382,806
Total assets and deferred outflows of resources	\$ 31,160,129	\$ 1,280,662	\$ 2,749,208	\$ 35,189,999
LIABILITIES				
Current liabilities				
Accounts payable and accrued expenses	\$ 215,562	\$ 13,545	\$ 17,614	\$ 246,721
Bonds payable within one year	795,000			795,000
Total current liabilities	1,010,562	13,545	17,614	1,041,721
Long-term liabilities				
Other post-employment benefits	957,600	292,400	331,600	1,581,600
Bonds payable, including unamortized premium	10,389,124			10,389,124
Landfill closure and post-closure care costs	4,700,000			4,700,000
Net pension liability	287,161	52,787	74,535	414,483
Total long-term liabilities	16,333,885	345,187	406,135	17,085,207
Total liabilities	17,344,447	358,732	423,749	18,126,928
DEFERRED INFLOWS OF RESOURCES				
Related to pension	51,469	9,461	13,359	74,289
Total liabilities and deferred inflows of resources	17,395,916	368,193	437,108	18,201,217
FUND EQUITY				
Invested in capital assets, net of related debt	7,801,545	1,023,593	2,538,688	11,363,826
Restricted	2,307,759			2,307,759
Unrestricted	3,654,909	(111,124)	(226,588)	3,317,197
Total net position	13,764,213	912,469	2,312,100	16,988,782
Total liabilities and net position	\$ 31,160,129	\$ 1,280,662	\$ 2,749,208	\$ 35,189,999

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

ST. MARY PARISH COUNCIL

Statement of Revenues, Expenses, and Changes in Net Position
 Proprietary Funds
 For the Year Ended December 31, 2017

	Business-type Activities Enterprise Funds			Total
	Reduction and Transfer Fund	Small Animal Control Fund	Kemper Williams Park Fund	
OPERATING REVENUES				
Solid waste disposal fees	\$ 3,444,589			\$ 3,444,589
Impound fees		\$ 121,036		121,036
Admission fees			\$ 15,807	15,807
Campsite fees			43,855	43,855
Special events			30,421	30,421
Other	1,230		21,556	22,786
Total operating revenues	<u>3,445,819</u>	<u>121,036</u>	<u>111,639</u>	<u>3,678,494</u>
OPERATING EXPENSES				
Personal services	1,311,745	282,502	400,586	1,994,833
Contractual services	116,149		2,307	118,456
Supplies	35,561	13,283	25,060	73,904
Materials	440,255	8,301	8,072	456,628
Utilities	103,396	24,574	96,714	224,684
Repairs and maintenance	157,384	4,664	20,755	182,803
Landfill closure costs	260,000			260,000
Equipment and rentals	642,117	13,878	61,411	717,406
Miscellaneous	40,134	259	4,531	44,924
Depreciation	1,003,711	60,663	82,105	1,146,479
Insurance	113,635	7,064	19,610	140,309
Total operating expenses	<u>4,224,087</u>	<u>415,188</u>	<u>721,151</u>	<u>5,360,426</u>
Net operating income (loss)	<u>(778,268)</u>	<u>(294,152)</u>	<u>(609,512)</u>	<u>(1,681,932)</u>
NON-OPERATING REVENUES AND EXPENSES				
Investment earnings	52,757	657	246	53,660
Gifts/donations			32,967	32,967
Bond issuance cost	(106,497)			(106,497)
Non-employer pension contributions	10,300	1,893	2,673	14,866
Interest	(335,367)			(335,367)
Fees	(3,300)			(3,300)
Total non-operating revenues	<u>(382,107)</u>	<u>2,550</u>	<u>35,886</u>	<u>(343,671)</u>
Income (loss) before transfers	<u>(1,160,375)</u>	<u>(291,602)</u>	<u>(573,626)</u>	<u>(2,025,603)</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in				
General Fund		125,000	416,000	541,000
Sanitation Fund	730,000			730,000
Total contributions and transfers	<u>730,000</u>	<u>125,000</u>	<u>416,000</u>	<u>1,271,000</u>
Change in net position	<u>(430,375)</u>	<u>(166,602)</u>	<u>(157,626)</u>	<u>(754,603)</u>
Net position, beginning of year	<u>14,194,588</u>	<u>1,079,071</u>	<u>2,469,726</u>	<u>17,743,385</u>
Net position, end of year	<u>\$ 13,764,213</u>	<u>\$ 912,469</u>	<u>\$ 2,312,100</u>	<u>\$ 16,988,782</u>

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

ST. MARY PARISH COUNCIL

Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2017

Increase (Decrease) in Cash & Cash Equivalents

	Business-type Activities Enterprise Funds			Total
	Reduction and Transfer Fund	Small Animal Control Fund	Kemper Williams Park Fund	
Cash flows from operating activities:				
Received from charges for services	\$ 3,374,409	\$ 149,165	\$ 162,164	\$ 3,685,738
Payments to suppliers for goods & services	(1,814,586)	(91,650)	(279,841)	(2,186,077)
Payments to employees for services	(1,193,745)	(240,502)	(352,586)	(1,786,833)
Net cash flows (deficiency) from operating activities	366,078	(182,987)	(470,263)	(287,172)
Cash flows from noncapital financing activities:				
Contributions			32,967	32,967
Operating transfers in from other funds	730,000	125,000	416,000	1,271,000
Repayment of advances by other funds		55,437	65,046	120,483
Advances to other funds	(1,182,087)			(1,182,087)
Net cash flows (deficiency) from noncapital financing activities	(452,087)	180,437	514,013	242,363
Cash flows from capital and related financial activities				
Fixed asset acquisitions	(1,112,839)		(46,669)	(1,159,508)
Bond Issuance Cost	(106,497)			(106,497)
Debt payments	(1,251,423)			(1,251,423)
Net cash flows (deficiency) from capital and related financing activities	(2,470,759)	-	(46,669)	(2,517,428)
Cash flows from investing activities				
Investment earnings	52,757	657	246	53,660
Sale of investments	354			354
Non-employer pension contributions	10,300	1,893	2,673	14,866
Net cash flows from investing activities	63,411	2,550	2,919	68,880
Net increase in cash and cash equivalents	(2,493,357)	-	-	(2,493,357)
Cash and cash equivalents at beginning of year	4,332,402	-	240	4,332,642
Cash and cash equivalents at end of year	\$ 1,839,045	\$ -	\$ 240	\$ 1,839,285
Shown in the accompanying Statement of Net Position as:				
Cash and cash equivalents	\$ 942		\$ 240	\$ 1,182
Restricted cash	1,838,103			1,838,103
Total cash and cash equivalents	\$ 1,839,045	\$ -	\$ 240	\$ 1,839,285

	Business-type Activities			Total
	Enterprise Funds			
	Reduction and Transfer Fund	Small Animal Control Fund	Kemper Williams Park Fund	
Reconciliation of operating income (loss) to net cash, provided by operating activities:				
Operating income (loss)	\$ (778,268)	\$ (294,153)	\$ (609,511)	\$ (1,681,932)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation and amortization	1,003,711	60,663	82,105	1,146,479
Decrease (increase) in accounts receivable	(270,360)	1,143	(466)	(269,683)
Decrease in accounts payable and accrued expenses	(21,934)	(1,005)	(3,125)	(26,064)
Increase in landfill closure costs	260,000			260,000
Increase in other post-employment benefits	118,000	42,000	48,000	208,000
(Decrease) in net pension liability	(129,243)	(19,039)	(34,645)	(182,927)
(Decrease) in deferred inflows related to pension	(14,778)	(1,730)	(3,612)	(20,120)
Decrease in deferred outflows related to pension	198,950	29,134	50,991	279,075
Total adjustments	1,144,346	111,166	139,248	1,394,760
Net cash provided by (used for) operating activities	\$ 366,078	\$ (182,987)	\$ (470,263)	\$ (287,172)

During the year ended December 31, 2017 the Reduction and Transfer fund had a capital financing activity which included a significant noncash portion, \$6,081,980 of bonds (net of discount) were refunded with the issuance of new bonds.

ST. MARY PARISH COUNCIL

Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes				
Ad Valorem	\$ 3,600,000	\$ 3,600,000	\$ 3,088,496	\$ (511,504)
Other taxes, penalties, & interests, etc.	65,000	70,000	87,151	17,151
Intergovernmental revenues				
Federal grants	6,000	52,481	60,663	8,182
State funds				
State grants		65,102	102,681	37,579
State revenue sharing	550,500	499,059	481,441	(17,618)
Severance taxes	1,000,000	1,000,000	1,004,271	4,271
Criminal court fund	6,000	6,000	1,948	(4,052)
Licenses & permits	824,150	831,150	731,681	(99,469)
Fees, charges, & commission	143,375	150,161	180,106	29,945
Mosquito abatement	185,000	185,000	180,277	(4,723)
Investment earnings & interest	82,200	90,482	82,439	(8,043)
Other revenues	222,574	287,026	40,550	(246,476)
Total revenues	<u>6,684,799</u>	<u>6,836,461</u>	<u>6,041,704</u>	<u>(794,757)</u>
EXPENDITURES				
Current:				
General government				
Legislative	508,090	498,090	442,269	55,821
Judicial	1,196,468	1,196,468	1,109,401	87,067
Executive	261,152	261,152	223,184	37,968
Elections	108,815	208,815	192,082	16,733
Finance & administrative	1,230,001	1,157,701	981,901	175,800
Courthouse	1,406,900	1,396,900	1,247,603	149,297
Other	1,041,904	1,132,904	1,037,322	95,582
Public safety	773,432	790,096	733,160	56,936
Culture & recreation	1,094,473	1,055,473	753,069	302,404
Health & welfare	597,446	656,650	556,396	100,254
Economic development & assistance	302,092	312,092	263,072	49,020
Mosquito abatement	250,000	250,000	269,686	(19,686)
Airport operations	328,950	305,950	272,536	33,414
Miscellaneous	2,500	2,500	3,366	(866)
Total expenditures	<u>9,102,223</u>	<u>9,224,791</u>	<u>8,085,047</u>	<u>1,139,744</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,417,424)</u>	<u>(2,388,330)</u>	<u>(2,043,343)</u>	<u>344,987</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in				
Road Construction & Maintenance Fund	1,300,000	1,200,000	1,200,000	-
Sales Tax Bond Sinking Fund	1,700,000	1,700,000	1,700,000	-
Gaming Receipt Fund	380,000	280,000	280,000	-
Fairview Treatment Center		200,000	200,000	-
Operating transfers out				
Witness Fee Fund		(24,708)	(24,708)	-
Small Animal Control Fund	(125,000)	(125,000)	(125,000)	-
Jail Operating & Maintenance Fund	(1,250,000)	(1,000,000)	(1,000,000)	-
Kemper Williams Park Fund	(416,000)	(416,000)	(416,000)	-
Total other financing sources (uses)	<u>1,589,000</u>	<u>1,814,292</u>	<u>1,814,292</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	<u>(828,424)</u>	<u>(574,038)</u>	<u>(229,051)</u>	<u>344,987</u>
Net change in fund balance	<u>(828,424)</u>	<u>(574,038)</u>	<u>(229,051)</u>	<u>344,987</u>
Prior period adjustment			(250,000)	(250,000)
Fund balance at beginning of year	<u>2,647,378</u>	<u>2,647,378</u>	<u>2,647,378</u>	<u>-</u>
Fund balance at end of year	<u>\$ 1,818,954</u>	<u>\$ 2,073,340</u>	<u>\$ 2,168,327</u>	<u>\$ 94,987</u>

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

ST. MARY PARISH COUNCIL

Budgetary Comparison Schedule
 Road Construction & Maintenance Fund
 For the Year Ended December 31, 2017

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental revenues				
State funds				
State grants	\$ 89,720	\$ 104,760	\$ 104,760	\$ -
Royalty road funds	4,000,000	4,000,000	4,044,286	44,286
Parish road transportation funds	450,000	450,000	439,010	(10,990)
Investment earnings & interest	6,500	8,100	1,515	(6,585)
Other revenues	250,000	373,750	389,331	15,581
Total revenues	<u>4,796,220</u>	<u>4,936,610</u>	<u>4,978,902</u>	<u>42,292</u>
EXPENDITURES				
Current:				
Public works				
Highways/streets & roads	3,732,874	3,682,374	3,275,343	407,031
Road supervisor	83,076	92,821	90,734	2,087
Bridges	226,701	226,701	168,280	58,421
Avoca ferry	50,000	162,453	139,145	23,308
FEMA reimbursement		50,900	305,035	(254,135)
Total expenditures	<u>4,092,651</u>	<u>4,215,249</u>	<u>3,978,537</u>	<u>236,712</u>
Excess of revenues over expenditures	<u>703,569</u>	<u>721,361</u>	<u>1,000,365</u>	<u>279,004</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers out				
General Fund	<u>(1,300,000)</u>	<u>(1,200,000)</u>	<u>(1,200,000)</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(596,431)	(478,639)	(199,635)	279,004
Fund balance at beginning of year	<u>712,688</u>	<u>712,688</u>	<u>712,688</u>	<u>-</u>
Fund balance at end of year	<u>\$ 116,257</u>	<u>\$ 234,049</u>	<u>\$ 513,053</u>	<u>\$ 279,004</u>

ST. MARY PARISH COUNCIL

Budgetary Comparison Schedule
Sanitation Fund
For the Year Ended December 31, 2017

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance with Final Budget Positive <u>(Negative)</u>
REVENUES				
Taxes				
Sales and use	\$ 2,045,000	\$ 2,395,000	\$ 2,389,446	\$ (5,554)
Intergovernmental revenues				
State grants	74,067	74,067	92,049	17,982
Local grants	65,000	65,000	48,986	(16,014)
Fees, charges, & commission	1,410,000	1,410,000	1,365,060	(44,940)
Investment earnings & interest	8,500	8,500	19,029	10,529
Total revenues	<u>3,602,567</u>	<u>3,952,567</u>	<u>3,914,570</u>	<u>(37,997)</u>
EXPENDITURES				
Current:				
Public safety	195,351	195,351	169,783	25,568
Sanitation	1,942,900	1,942,900	1,871,352	71,548
Health & Welfare	74,067	74,067	68,491	5,576
Total expenditures	<u>2,212,318</u>	<u>2,212,318</u>	<u>2,109,626</u>	<u>102,692</u>
Excess of revenues over expenditures	<u>1,390,249</u>	<u>1,740,249</u>	<u>1,804,944</u>	<u>64,695</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers out				
Reduction and Transfer	(730,000)	(730,000)	(730,000)	-
3/4% Sales Tax Bond Sinking Fund	(702,000)	(702,000)	(702,000)	-
Combined Sewer Construction Fund	<u>(500,000)</u>	<u>(500,000)</u>	<u>(500,000)</u>	-
Total other financing sources (uses)	<u>(1,932,000)</u>	<u>(1,932,000)</u>	<u>(1,932,000)</u>	-
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(541,751)	(191,751)	(127,056)	64,695
Fund balance at beginning of year	<u>703,586</u>	<u>703,586</u>	<u>703,586</u>	-
Fund balance at end of year	<u>\$ 161,835</u>	<u>\$ 511,835</u>	<u>\$ 576,530</u>	<u>\$ 64,695</u>

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

ST. MARY PARISH COUNCIL

Notes to the Financial Statements
December 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

A. Reporting Entity

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Based on the previous criteria, the Council has determined that the following are component units and should be discretely reported components within the reporting entity but not within the primary government except for the Industrial Development Board of the Parish of St. Mary (included with the Council as part of the primary government as it has no assets, liabilities, deferred inflows or outflows; nor revenues or expenses).

<u>Component Unit</u>	<u>Area Served</u>	<u>Fiscal Year End</u>	<u>Criteria Used</u>
St. Mary Parish Water & Sewer Comm.:			
No. 1	Amelia/Siracusa	December 31	1, 2, 3
No. 2	Bayou Vista	September 30	1, 2,3
No. 3 <i>(component unit converted By the Council in 2016 [with no Significant activity in 2017] for The future consolidating Waterworks No 5, Sewerage District No. 5 & No 8)</i>	West of Patterson to Calumet, Verdunville, & Centerville	September 30	1,2,3
No. 4	Chatsworth, St. Joseph, Irish Bend, Yokely, Sorrell, Websterville, Charenton, St. Peter	September 30	1, 2,3
No.5	Four Corners/Glencoe	September 30	1, 2, 3
St. Mary Parish Library	St. Mary Parish except Morgan City	December 31	1, 2, 3
Hospital Service District:			
No. 1	Wax Lake Outlet to Jeanerette	September 30	2, 3
No. 2	Atchafalaya River to Amelia	December 31	2, 3
No. 3	Atchafalaya River to Wax Lake Outlet	September 30	2, 3
Waterworks District:			
No. 5(see Water & Sewer Commission No.3)	West of Patterson to Calumet, Verdunville, & Centerville	May 31	2, 3
No. 6(component of and reported with St. Mary Parish Water & Sewer District No.4)	Chatsworth, St. Joseph, Irish Bend, Yokely, Sorrell, Websterville, Charenton, St. Peter	September 30	2, 3
Sewerage District:			
No. 5(see Water & Sewer Commission No. 3)	Verdunville/Centerville	September 30	1, 2, 3
No. 7(component of and reported with St. Mary Parish Water & Sewer District No. 4)	Chatsworth, St. Joseph, Irish Bend, Yokely	September 30	1, 2, 3
No. 8(see Water & Sewer Commission No. 3)	Cotton Road to Wax Lake Outlet	September 30	2, 3
No. 9(component of and reported with St. Mary Parish Water & Sewer District No.4)	Charenton	September 30	2, 3

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

<u>Component Unit</u>	<u>Area Served</u>	<u>Fiscal Year End</u>	<u>Criteria Used</u>
Sewerage District: No. 11(<i>no activity</i>)	Cypremort Point	September 30	1, 2, 3
Wards 5 & 8 Joint Sewer Comm.	Atchafalaya River west to Wax Lake Outlet	September 30	2, 3
Consolidated Gravity Drainage District:			
No. 1	Wax Lake Outlet west to Jeanerette	September 30	2, 3
No. 2	Atchafalaya River to Bayou Ramos	September 30	2, 3, 4
Gravity Drainage District No. 6	Bayou Ramos to Bayou Bouef	September 30	2, 3
Wax Lake East Drainage District	Berwick, Bayou Vista, Patterson, Calumet	September 30	2, 3
Sub Gravity Drainage District No.1 of Gravity Drainage District No.2	Bayou Vista	September 30	2, 3
Cajun Coast Visitors and Convention Bureau	St. Mary Parish	September 30	2, 3
St. Mary Parish Sales and Use Tax Dept.(<i>a fiduciary type fund</i>)	St. Mary Parish	December 31	1, 3
Recreation District:			
No. 1	Amelia	September 30	2, 3
No. 2	Siracusa	September 30	1, 2, 3, 4
No. 3	Bayou Vista	September 30	1, 2, 3
No. 4	Patterson	September 30	1, 2, 3
No. 5	Four Corners, Sorrell Glencoe	September 30	2, 3
No. 7	Centerville, Verdunville	September 30	2, 3
Atchafalaya Golf Course Commission	St. Mary Parish	September 30	1,2,3,4
Fire Protection District:			
No. 1	Cypremort Point	December 31	2, 3
No. 2	Franklin/Ward 3	September 30	1, 2, 3
No. 3	Amelia	September 30	1, 2, 3
No. 7	Bayou Vista	September 30	2, 3
No. 11	Four Corners, Glencoe, Sorrell	September 30	2, 3
No. 12(<i>no activity</i>)	Charenton	September 30	2, 3

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

<u>Component Unit</u>	<u>Area Served</u>	<u>Fiscal Year End</u>	<u>Criteria Used</u>
Mosquito Control District No. 1	Cypremort Point	December 31	1, 2, 3
Communications District (911)	St. Mary Parish	December 31	2, 3, 4
St. Mary Parish Assessor	St. Mary Parish	December 31	1, 4
St. Mary Parish Clerk of Court <i>(includes fiduciary type funds)</i>	St. Mary Parish	June 30	1, 4
Industrial Development Board of the Parish of St. Mary, Louisiana, Inc. <i>(only activity is issuance of conduit debt through the Council ,See Note 13)</i>	St. Mary Parish	December 31	1,2, 3, 4

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

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

B. Basic Financial Statements - Government-wide Financial Statements

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

C. Basic Financial Statements - Fund Financial Statements

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

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

GOVERNMENTAL FUNDS

General Fund

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

Special Revenue Funds

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

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

ROAD CONSTRUCTION AND MAINTENANCE FUND

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

SANITATION FUND

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Debt Service Funds

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

Capital Projects Funds

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

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

CAPITAL IMPROVEMENT FUND

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

CDBG RECOVERY FUND

The CDBG Recovery Fund accounts for major ongoing capital projects and is funded by federal funds.

COMBINED SEWER CONSTRUCTION FUND

The Combined Sewer Construction Fund is used to account for the proceeds of sewer bonds and three quarters percent sales tax that is being used to construct and improve sewer systems within the Parish.

PROPRIETARY FUNDS

Enterprise Funds

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

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

REDUCTION AND TRANSFER FUND

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

KEMPER WILLIAMS PARK FUND

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

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

SMALL ANIMAL CONTROL FUND

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

D. Basis of Accounting

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

Government-wide Statements and Proprietary Fund Financial Statements

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

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

Fund Financial Statements

Governmental fund financial statements are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current deferred outflows of resources and current liabilities and current deferred inflows of resources 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 fund balance.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount can be determined. Available means the normal time of collection is within the current period or soon enough thereafter to pay current liabilities (the Council generally uses a ninety day period after year end).

E. Revenues

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

Sales tax revenues are recorded when the taxable sales take place, regardless of when the sales taxes are collected by the St. Mary Parish Council's sales tax department.

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

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

Investment earnings are generally recorded when earned.

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

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

F. Expenses/Expenditures

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

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

G. Budgets

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

1. Ninety days prior to the beginning of each fiscal year, the Parish President presents to the Council the annual operating budget which was prepared by the Director of Finance under the direction of the Chief Administrative Officer.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2. The Council then orders a public hearing, notice of which, along with a summary of the budget, will be published ten days prior to the date of the hearing in the official journal of the Council.
3. No later than the second to last regular meeting of the fiscal year, the Council enacts an ordinance to adopt the annual operating budget for the ensuing fiscal year. The Council may adjust the budget as proposed by the Parish President or amend it, as they see fit, by a vote of the majority of the Council.
4. The Parish President may accept or veto the entire budget as approved by the Council or he may line item veto certain appropriations.
5. Should the Council and Parish President be unable to adopt a budget prior to the beginning of the year, then fifty percent of the prior year's budget shall be appropriated for the upcoming year; until such time as a new budget is properly enacted.
6. The Director of Finance, under the direction of the Chief Administrative Officer, has the authority to alter, and must approve all changes in budgeted amounts within function lines. However, budget adjustments that cross function lines require approval of the Council.
7. Formal budgetary integration is employed as a management control device during the year.
8. The General Fund and all Special Revenue Funds with activity have adopted budgets.
9. Budget appropriations lapse at year end.
10. In the financial statement comparison of the budget to actual amounts, both the original and final amended budget amounts are shown.

H. Cash and Cash Equivalents

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

Certain short-term interest bearing cash accounts are maintained on a pooled basis, interest revenue or expense is allocated to each participating fund based upon its pro rata share of the total pooled account balance. The overall balance in the pooled account is always a large positive balance. However, from time to time an individual fund's proportionate share of the balance may temporarily be negative. This most commonly occurs when a fund makes an unusually large disbursement such as a payment on a construction contract or when the fund is awaiting an investment to mature and be placed in its cash account.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Investments

The Council invests in bank certificates of deposit (CDs) and external investment pools. The CDs (nonparticipating contracts) are recorded at cost, unless there is significant impairment of the credit standing of the issuer. The pooled investments are recorded at fair market value.

The Council also invests in Federal government securities which the Council records at fair value.

J. Receivables

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

K. Restricted Assets

In the Reduction and Transfer Enterprise Fund certain assets are set aside for certain uses. These amounts are reported as either cash, investments or advances and are reported as restricted assets. At December 31, 2017, these assets are restricted for the following purposes:

Reserved for debt service by debt covenants	\$1,937,125
Reserved for depreciation and contingencies by debt covenants	495,853
Ear marked for landfill closure costs and post-closure care costs by Council action	<u>3,648,106</u>
	<u>\$6,081,084</u>

L. Fixed Assets

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

No construction period interest was capitalized by the Council during the current year as the amounts were not significant.

Government-wide Statements and Proprietary Fund

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

<u>Category</u>	<u>Years</u>
Buildings	25-40
Equipment and furniture	5-15
Improvements	20-30
Infrastructure	25-50

Fund Financial Statements

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

M. Long-term obligations

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

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

N. Compensated Absences

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

An accrual is made for the amount of compensation the employees will receive in the future based upon services performed in the current year for vacation time not used. An accrual is also made for accumulated sick time estimated to be paid to employees at retirement. Only the portion of this accumulated sick pay estimated to be paid to employees retiring within the next year is recorded as a liability within the fund to which the particular employees' salary is allocated, the remaining liability is included with long-term debt in the Statement of Net Position. The liability for the long-term portion of this accumulated sick pay, effects twenty-seven employees and totals approximately \$230,000 and is not discounted to present value.

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

Major funds	
General Fund	\$70,000
Road Construction and Maintenance Fund	24,000
Sanitation Fund	2,000
Reduction and Transfer Fund	23,000
Kemper Williams Park Fund	3,000
Non-major funds	
16 th Judicial District Drug Court Fund	8,000
Small Animal Control Fund	5,000
Fairview Treatment Center	13,000
Claire House	6,000
DWI Court	1,000

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

O. Net Pension Liability and Related Deferred Outflows and Inflows of Resources

During the year ended December 31, 2015, the Council implemented GASB Statement No. 68 "Accounting and Financial Reporting for Pensions". This GASB statement establishes accounting and financial reporting by state and local governments for pensions. This pronouncement requires the Council to calculate and recognize a net pension liability and certain deferred outflows and inflows of resources and pension expense. The Council is a member of Parochial Employees' Retirement System of Louisiana – Plan A (PERS-A), a cost sharing multiple employer public employee retirement system. For purposes of measuring its net pension liability, deferred outflows and inflows of resources, and pension expense, the Council uses the same basis as PERS-A.

See Note 15 for further details about this pension plan.

P. Deferred Outflows and Inflows of Resources (not Related to Pensions)

GASBS 65, "Items Previously Reported as Assets and Liabilities" states that when a refunding of debt results in the defeasance of the old debt that the difference between the reacquisition price (amount required to repay the previously issued old debt) and the net carrying amount of the old debt should be reported as a deferred outflow of resources or deferred inflow of resources and recognized as a component of interest expense in future periods. Accordingly, the Reduction and Transfer Fund reports debt redemption costs of \$170,000 as a deferred outflow of resources and amortized \$25,000 this year as a component of interest expense.

Q. Equity Classifications

Government-wide Statements and Proprietary Fund Statements

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

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

At December 31, 2017 \$1,725,981 of the Council's restricted net position was required by enabling legislation.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Financial Statements

Governmental fund equity is classified by five categories: nonspendable, restricted, committed, assigned and unassigned.

- a.) Nonspendable - represents those portions of fund equity that cannot be spent because they are not in spendable form or because they are legally or contractually required to be maintained intact.
- b.) Restricted - represents those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use.
- c.) Committed - represents those portions of fund equity that can be used only for specific purposes pursuant to constraints imposed by formal action of the Council's highest level of decision-making authority. Commitments may be established, modified, or rescinded only through formal adoption of an ordinance (other than the annual budget ordinance) by the Council .
- d.) Assigned - represents those portions of fund equity that are constrained by the Council's intent through budget ordinance to be used for specific purposes, but are neither restricted nor committed.
- e.) Unassigned - represents those portions of fund equity that has not been assigned to other funds and that has not been restricted, committed, or assigned to a specific purpose within the General fund.

The Council considers amounts to have been expended first out of committed funds, followed by assigned funds, and then unassigned funds when expenditures are incurred for purposes for which funds of any unrestricted fund balance classifications have been used.

R. Interfund Transfers

Permanent reallocations of resources between funds of the Council are classified as interfund transfers. For the purpose of the Statement of Activities, all interfund transfers between individual governmental funds are generally eliminated. Three of the Council's non-major governmental funds, which are substantially funded by Federal grants, operate based upon the grant year which ends within the Council's normal December 31 year end. Occasionally a transfer to one of these three funds to or from another of the Council's funds will occur between their yearend and December 31. In this case, amounts of transfers in and transfers out will differ by the amount of the interperiod transfer.

S. Reclassification

Certain items have been reclassified in order to make these financial statements more meaningful and comparative.

T. Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles require management to make certain estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 – PRIOR PERIOD ADJUSTMENT

During 2017 the Council discovered that the beginning receivables balance in the General Fund included \$250,000 of receivables that were not actually due to the Council. In order to correct this error from the prior period both the beginning receivable balance and fund balance in the General Fund were reduced by \$250,000.

NOTE 3 - FUND DEFICITS

The following individual fund of the Council had a deficit fund balance at year end:

<u>Fund</u>	<u>Amount</u>
Nonmajor Fund:	
16 th JDC St. Mary Parish Drug Court	\$(42,279)

The fund deficit in the 16th JDC St. Mary Parish Drug Court will be funded by future revenues.

NOTE 4 - TAXES

Sales Taxes

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

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

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

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

NOTE 4 – TAXES (continued)

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

Ad Valorem Taxes

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

For 2017, the Council levied the following ad valorem taxes.

<u>Purpose</u>	<u>Millage</u>
Parish tax for defraying the expenses of the Council and other legal purposes	7.24
Criminal Justice System Tax helping to defray the expense of the Criminal Justice System	3.62
Library – Debt Service Only	.31

NOTE 5 - CASH AND CASH EQUIVALENTS AND INVESTMENTS

The Council does not have a formal investment policy related to interest rate risk (the risk of an investment decreasing in value due to increasing interest rates).

In addition, the Council does not have a formal investment policy related to credit risk (including concentrations of credit). However the Council does follow state law as to limitations on types of deposits and investments as described below.

The Council does not invest in any investments subject to foreign currency risk.

Cash and cash equivalents

Under state law the Council may deposit its funds with certain state and federally chartered financial institutions. These deposits are required to be insured or collateralized by the financial institutions.

At year end 2017 the carrying amount of the Council's cash was \$4,301,980 and the bank balance was \$5,870,967. A portion of these balances was covered by federal depository insurance, the uninsured portion of \$4,120,967 was collateralized with securities held by the pledging financial institutions.

NOTE 5 - CASH AND CASH EQUIVALENTS AND INVESTMENTS (continued)

Investments

Under state law the Council may invest in certain federal or federally guaranteed securities, certain bank time certificates of deposit, mutual or trust funds, and in the Louisiana Asset Management Pool (LAMP). LAMP is an external investment pool operated to allow local government to pool their investment funds. LAMP is not registered with the SEC as an investment company. LAMP is subject to regulatory oversight of the Louisiana State Treasurer and the LAMP board of directors. Share values for the pool are valued at fair value based on quoted market rates determined on a weekly basis.

The following is a summary of investments held by the Council at December 31, 2017.

	<u>Amount</u>	Percentage of Total <u>Investments</u>
U.S. Government Securities	\$ 6,119,634	59%
LAMP (rated AAAM by Standard & Poors)	<u>4,194,513</u>	<u>41%</u>
	<u>\$10,314,147</u>	<u>100%</u>

As of December 31, 2017, the Council had the following investments and maturities:

<u>Investment Type</u>	<u>Investment Maturities (in years)</u>			
	<u>Fair Value</u>	<u>Less than 1</u>	<u>1 - 5</u>	<u>6-10</u>
U.S. Agencies	<u>\$6,119,634</u>	<u>\$3,767,945</u>	<u>\$2,181,478</u>	<u>\$196,096</u>

LAMP determines its maturities using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 60 days, and consists of no securities with a maturity in excess of 397 days. The WAM for LAMP's total investments is 43 days as of December 31, 2017.

The Council categorizes its fair value measurements within the fair value hierarchy established by GASB Statement No. 72, "Fair Value Measurement and Application". The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Council has the following recurring fair value measurements as of December 31, 2017:

- U.S. Government securities of \$6,119,634 are valued using quoted market prices (Level 1 inputs)
- LAMP of \$4,194,673 is valued using primarily quoted prices for similar assets. (Level 2 inputs)

NOTE 6 - RECEIVABLES

Receivables at December 31, 2017, are as follows:

Governmental Funds					
Major					
	General Fund	Road Const. & Maint. Fund	Sanitation Fund	Total Nonmajor Governmental Funds	Total Governmental Receivables
Accounts	\$ 106,817	\$ 54,083	\$ 180,370	\$ 65,531	\$ 406,801
Total	\$ 106,817	\$ 54,083	\$ 180,370	\$ 65,531	\$ 406,801

Nonmajor Governmental Funds					
	Wards 5&8 Sales Tax Fund	Housing Program	Fairview Treatment Center	16th JDC St. Mary Parish Drug Court	Total Nonmajor Governmental Funds
Accounts	\$ 48,850	\$ 2,182	\$ 12,926	\$ 1,573	\$ 65,531
Total	\$ 48,850	\$ 2,182	\$ 12,926	\$ 1,573	\$ 65,531

Enterprise Funds				
	Reduction and Transfer Fund	Small Animal Control Fund	Kemper Williams Park Fund	Total Enterprise Funds Receivables
Accounts	\$ 713,489	\$ 6,725	\$ 4,766	\$ 724,980
Total	\$ 713,489	\$ 6,725	\$ 4,766	\$ 724,980

All receivables are net of allowances for uncollectible accounts which are immaterial, except for Fairview Treatment Center which has an allowance for uncollectibles of \$19,408 and Reduction Transfer Fund which is \$102,435.

NOTE 7 - ADVANCES TO/FROM OTHER FUNDS

Advances to/from other funds as of December 31, 2017 consisted of the following:

<u>Funds Advance due from</u>	<u>Funds Advance due to</u>					<u>Total</u>
	<u>Reduction and Transfer</u>	<u>Kemper Williams</u>	<u>Small Animal Control</u>	<u>Combined Sewer</u>	<u>Non Major Governmental Funds</u>	
General Fund	\$ 2,075,325	\$ 109,683	\$ 132,177		\$ 192,185	\$ 2,509,370
Sanitation	2,161,635		50,298			2,211,933
Capital Improvement				\$ 146,342	495,853	642,195
Road Construction & Maintenance	1,466,278				191,731	1,658,009
Non Major Governmental	283,591				837,278	1,120,869
Total	<u>\$ 5,986,829</u>	<u>\$ 109,683</u>	<u>\$ 182,475</u>	<u>\$ 146,342</u>	<u>\$ 1,717,047</u>	<u>\$ 8,142,376</u>

Advances between funds primarily arise in two ways:

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

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

NOTE 8 - INTERFUND TRANSFERS

Interfund transfers in for the year ended December 31, 2017, consisted of the following:

	TRANSFER TO	TRANSFER FROM	
Major Governmental Funds:			
General Fund		Road Construction & Maintenance	\$ 1,200,000
		Sales Tax Bond Sinking Fund	1,700,000
		Gaming Receipt Fund	280,000
		Fairview Treatment Center	<u>200,000</u>
Total General Fund			\$ 3,380,000
Combined Sewer Construction Fund		Sanitation Fund	500,000
Total Transfers In - Major Governmental Funds			<u>3,880,000</u>
Non Major Governmental Funds:			
Jail Operating & Maintenance Fund		General Fund	1,000,000
		Gaming Receipt Fund	<u>450,000</u>
Total Jail Operating & Maintenance Fund			1,450,000
3/4% Sales Tax Bond Sinking Fund		Sanitation Fund	702,000
		Gaming Receipt Fund	417,312
Jail Sinking Fund		Jail Operating & Maintenance Fund	430,822
Jail Reserve Fund		Jail Operating & Maintenance Fund	21,541
Witness Fee Fund		General Fund	<u>24,708</u>
Total Transfers In -Non Major Governmental Funds			<u>3,046,383</u>
Total Transfers In - Governmental Funds			<u>\$ 6,926,383</u>
Business-type Activities:			
Reduction and Transfer Fund		Sanitation Fund	\$ 730,000
Small Animal Control Fund		General Fund	125,000
Kemper Williams Park Fund		General Fund	<u>416,000</u>
Total Transfers In - Business-type Activities			<u>\$ 1,271,000</u>
Total Transfers In			<u>\$ 8,197,383</u>

NOTE 8 - INTERFUND TRANSFERS (continued)

Interfund transfers out for the year ended December 31, 2017, consisted of the following:

TRANSFER FROM	TRANSFER TO		
Major Governmental Funds:			
General Fund	Jail Operating & Maintenance Fund	\$ 1,000,000	
	Kemper Williams	416,000	
	Small Animal Control Fund	125,000	
	Witness Fee Fund	<u>24,708</u>	
Total General Fund			\$ 1,565,708
Road Construction & Maintenance Fund	General Fund		1,200,000
Sanitation Fund	Reduction and Transfer Fund	730,000	
	3/4% Sales Tax Bond Sinking Fund	702,000	
	Combined Sewer Construction Fund	<u>500,000</u>	
Total Sanitation Fund			<u>1,932,000</u>
Total Transfers Out - Major Governmental Funds			<u>4,697,708</u>
Non Major Governmental Funds:			
Gaming Receipt Fund	Certificates of Indebtedness Sinking Fund	417,312	
	Jail Operating & Maintenance Fund	450,000	
	General Fund	<u>280,000</u>	
Total Gaming Receipt Fund			1,147,312
Jail Operating & Maintenance Fund	Jail Sinking Fund	430,822	
	Jail Reserve Fund	<u>21,541</u>	
Total Jail Operating & Maintenance Fund			452,363
Sales Tax Bond Sinking Fund	General Fund		1,700,000
Fairview Treatment Center	General Fund		<u>200,000</u>
Total Transfers Out - Non Major Governmental Funds			<u>3,499,675</u>
Total Transfers Out - Governmental Funds			<u>8,197,383</u>
Total Transfers Out			<u>\$ 8,197,383</u>

Transfers are used to:

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

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

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

To transfer any assets and liabilities remaining in a fund which has ceased operations to a fund continuing to operate.

NOTE 9 - DUE TO/FROM COMPONENT UNITS

Due from component units at December 31, 2017 consists of the following:

<u>Payable to</u>	<u>Due From</u>	<u>Amount</u>
<u>Major Funds:</u>		
General Fund	Atchafalaya Golf Course Commission portion expected to be repaid currently	\$ 78,304
	portion not expected to be repaid currently	<u>1,700,000</u> *
		<u>1,778,304</u>
Sanitation Fund	St. Mary Parish Water & Sewer Comm. No. 4	<u>740</u>
Combined Sewer Construction Fund	St. Mary Parish Water & Sewer Comm. No. 5	216,891 *
	St. Mary Parish Water & Sewer Comm. No. 4	162,247 *
	St. Mary Parish Sewer District No. 5	<u>131,055</u> *
		<u>510,193</u> *
Total due from component units		<u>\$ 2,289,237</u>

*The portion not expected to be repaid currently is shown as non-spendable portion of fund balance in the General Fund and Combined Sewer Construction Fund balance sheets.

NOTE 10 - FIXED ASSETS

CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2017, is as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets not being depreciated					
Land	\$ 1,870,876				\$ 1,870,876
Construction in progress	6,798,063	\$ 1,903,979	\$ -	\$ (1,804,698)	6,897,344
Total capital assets not being depreciated	8,668,939	1,903,979	-	(1,804,698)	8,768,220
Other capital assets:					
Infrastructure	135,586,471	-	-	-	135,586,471
Building	17,516,962	-	-	-	17,516,962
Equipment and furniture	13,382,306	340,678	(976,105)	-	12,746,879
Improvements	27,077,054	-	-	1,804,698	28,881,752
Total other capital assets at historical cost	193,562,793	340,678	(976,105)	1,804,698	194,732,064
Less accumulated depreciation for					
Infrastructure	(62,162,375)	(3,353,952)	-	-	(65,516,327)
Building	(8,413,177)	(472,223)	-	-	(8,885,400)
Equipment and furniture	(10,333,861)	(684,571)	976,105	-	(10,042,327)
Improvements	(11,249,108)	(1,243,869)	-	-	(12,492,977)
Total accumulated depreciation	(92,158,521)	(5,754,615)	976,105	-	(96,937,031)
Other capital assets, net	101,404,272	(5,413,937)	-	1,804,698	97,795,033
Governmental capital assets, net	\$ 110,073,211	\$ (3,509,958)	\$ -	\$ -	\$ 106,563,253
Business-type activities:					
Capital assets not being depreciated					
Construction in progress	\$ 156,612	\$ 764,478	\$ -	\$ (811,432)	\$ 109,658
Land	2,052,372	-	-	-	2,052,372
Land Improvements	1,750,227	-	-	-	1,750,227
Total capital assets not being depreciated	3,959,211	764,478	-	(811,432)	3,912,257
Other capital assets:					
Buildings	5,514,364	-	-	-	5,514,364
Equipment	8,505,405	395,029	(533,946)	-	8,366,488
Improvements	19,892,969	-	-	811,432	20,704,401
Total other capital assets at historical cost	33,912,738	395,029	(533,946)	811,432	34,585,253
Less accumulated depreciation for					
Building	(4,325,703)	(61,939)	-	-	(4,387,642)
Equipment	(6,506,936)	(371,024)	533,946	-	(6,344,014)
Improvements	(4,504,388)	(713,516)	-	-	(5,217,904)
Total accumulated depreciation	(15,337,027)	(1,146,479)	533,946	-	(15,949,560)
Other capital assets, net	18,575,711	(751,450)	-	811,432	18,635,693
Business-type activities capital assets, net	\$ 22,534,922	\$ 13,028	\$ -	\$ -	\$ 22,547,950
Depreciation expense was charged to function as follows:					
Governmental activities:					
General government	\$	1,066,285			
Public safety		1,219,710			
Public works		2,266,362			
Health and welfare		67,513			
Culture and recreation		1,134,745			
Total governmental activities depreciation expense	\$	5,754,615			
Business type activities:					
Reduction and Transfer	\$	1,003,711			
Kemper William Park		82,105			
Small Animal Control		60,663			
Total business-type activities depreciation expense	\$	1,146,479			

NOTE 11 - LONG TERM DEBT

As of December 31, 2017, the governmental long-term debt is segregated between the amounts to be repaid from governmental activities and amounts to be repaid from business-type activities.

Governmental Activities:

As of December 31, 2017, the governmental long-term debt of the Council consisted of the following:

Public Improvement Sales Tax Bonds

\$2,500,000 of General Obligation Bonds, Series 2009, were issued March 1, 2009, to improve, construct and acquire buildings, equipment, and books for the parish libraries, outside the City of Morgan City. The bonds bear interest at 3.8 to 4.0 percent and are payable through the year 2029. These bonds are to be retired from ad valorem taxes. Although the Council is servicing these bonds, the St. Mary Parish Library Fund will be expending the proceeds and will also be transferring ad valorem taxes to the Council to service the debt. These bonds are being paid from the St. Mary Parish Library General Obligation '96 Sinking Fund

\$1,790,000

\$6,865,000 of Public Improvement Sales Tax Bond, Series 2011 were issued on September 1, 2011, for the acquisition, construction, improvements, maintenance and repair of roads, capital improvements, public works and buildings, including the acquisition of sites and necessary fixtures, equipment, furnishings and appurtenance. The bonds bear interest at 3.0 to 4.25 percent and are payable through the year 2031. These bonds are being retired from the Sales Tax Bond Sinking Fund.

6,030,000

\$600,000 of Certificate of Indebtedness, Series 2011 were issued on November 22, 2011, to make capital improvements. The certificates bear interest of 1.93 percent and are payable through the year 2021. The Certificates are being paid by the Certificate of Indebtedness Sinking Fund.

266,000

REVENUE BONDS

\$2,190,000 Sewerage Sales Tax Refunding Bonds, Series 2015, were issued April 17, 2015, to repay \$2,135,000 of Sewerage Sales Tax Bonds Series 2006. The bonds bear interest of 2.09% and are payable through 2025. The bonds are to be retired from the Three-fourths Percent Sales Tax and are paid from the Three-fourths Percent Sales Tax Bond Sinking Fund.

1,955,000

NOTE 11 - LONG TERM DEBT (continued)

\$3,490,000 Jail Refunding and Revenue Bonds, Series 2010, were issued March 1, 2010, to repay \$2,290,000 of Revenue Refunding Bonds, Series 2004 and for renovating, improving, and equipping existing Jail Facilities. The Bonds bear interest of 3.83 percent and are payable through the year 2020. The bonds are to be retired from the net revenue derived from the operations of the jail facilities and are paid from the Jail Revenue Bond Sinking Fund. 1,200,000

\$2,345,000 of revenue refunding bonds, Series 2012, were issued on November 1, 2012, for the refunding of revenue bonds issued on January 27, 2005, Certificates of Indebtedness, Series 2006A, Certificates of Indebtedness, Series 2006B, and revenue bonds issued August 7, 2007. The bonds bear interest of 1.45 to 1.7 percent and are payable through the year 2019. These bonds are being retired from ad valorem taxes from the Certificate of Indebtedness Sinking Fund. 190,000

\$3,890,000 of Sewerage Sales Tax refunding bonds, Series 2012, were issued on October 1, 2012, for the purpose of refunding \$3,810,000 of Sewerage Sales Tax Bonds, Series 2004 and paying the cost of issuance of the bonds. The bonds bear interest of 2.0 to 2.75 percent and are payable through the year 2024. The bonds are to be retired from the Three-fourths percent Sales Tax and are paid from the Three-fourths Percent Sales Tax Bond Sinking Fund. 2,755,000

Plus original issue premium, amortized on straight-line basis 39,376

Accrued compensated absences-all noncurrent 230,000

Total Governmental Activity Debt \$14,455,376

NOTE 11 - LONG TERM DEBT (continued)

Business-type Activities:

As of December 31, 2017, the long-term debt payable from proprietary fund resources consisted of the following:

Portion of \$8,915,000 of Solid Waste Sales Tax Bonds, Series 2010, remaining outstanding after 2017 refunding. That were issued on December 21, 2010 for the purpose of constructing and acquiring improvements at the parish landfill. The certificates bear interest of 4 to 4.125 percent and are payable through the year 2020. The bonds are to be retired from the three-fourths percent sales tax and excess operating revenues from the landfill and are to be paid from the Reduction and Transfer Fund \$1,020,000

\$6,010,000 of Solid Waste Sales Refunding Tax Bonds, Series 2017, were issued on July 13, 2017 for the purpose of constructing and acquiring improvements at the parish landfill. The certificates bear interest of 1.75 to 5 percent and are payable through the year 2028. The bonds are to be retired from the three-fourths percent sales tax and excess operating revenues from the landfill and are to be paid from the Reduction and Transfer Fund 6,010,000

Plus original issue premium 609,124

\$4,945,000 of Solid Waste Sales Tax Bonds, Series 2013, were issued on April 9, 2013 for the partial refunding of Solid Waste Bonds, Series 2008. The Certificates bear interest of 2.0 to 3.25 percent and payable through the year 2024. The bonds are to be retired from the three-fourths percent sales tax and excess operating revenues from the landfill and are to be paid from the Reduction and Transfer Fund 3,545,000

Total Enterprise Indebtedness \$11,184,124

In July of 2017, the Council defeased \$6,150,000 of Sales Tax Bonds (Solid Waste), Series 2010. The Council used \$6,636,773 in Bond Proceeds plus an additional \$279,294 of existing reserve fund monies to transfer to an escrow agent to repay the principal, accrued interest, and repayment costs related to these bonds. The Council completed the repayment to reduce its total debt service payments over the next 10 years by \$624,000 and to obtain an economic gain (the difference between the present values of the old debt service payments, and the current repayment amount and the repayment costs) of approximately \$552,000. \$279,294

NOTE 11 - LONG TERM DEBT (continued)

At December 31, 2017, \$12,855,000 of outstanding bonds are considered defeased.

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

- 1 Establishment and funding of certain debt service funds
- 2 Preparation and adoption of budgets
- 3 Preparation and independent audit of financial statements
- 4 Restriction as to additional debt issuance
- 5 Restriction as to investments

In July of 2017, the Council defeased \$6,150,000 of Sales Tax Bonds (Solid Waste), Series 2010. The Council used \$6,636,773 in Bond Proceeds plus an additional \$279,294 of existing reserve fund monies to transfer to an escrow agent to repay the principal, accrued interest, and repayment costs related to these bonds. The Council completed the repayment to reduce its total debt service payments over the next 10 years by \$624,000 and to obtain an economic gain (the difference between the present values of the old debt service payments, and the current repayment amount and the repayment costs) of approximately \$552,000.

Long-term liability activity for the year ended December 31, 2017, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due within One Year</u>
Governmental Activities:					
Bonds payable:					
General obligation Debt	\$ 8,547,000		\$ (461,000)	\$ 8,086,000	\$ 360,282
Revenue bonds	7,150,000		(1,050,000)	6,100,000	1,224,978
Original issue premium	45,434		(6,058)	39,376	6,058
Public parks and recreation bonds	285,000	-	(285,000)	-	-
Total bonds payable	<u>16,027,434</u>	<u>-</u>	<u>(1,802,058)</u>	<u>14,225,376</u>	<u>1,591,318</u>
Other liabilities:					
Compensated absences	119,000	111,000	-	230,000	-
Total other liabilities	<u>119,000</u>	<u>111,000</u>	<u>-</u>	<u>230,000</u>	<u>-</u>
Governmental activities long-term liabilities	<u>\$ 16,146,434</u>	<u>\$ 111,000</u>	<u>\$ (1,802,058)</u>	<u>\$ 14,455,376</u>	<u>\$ 1,591,318</u>
Business-type Activities					
Bonds payable:					
Landfill debt	\$ 11,485,000	\$ 6,010,000	\$ (6,920,000)	\$ 10,575,000	\$ 1,159,162
Original issue premium	-	641,183	(32,059)	609,124	64,118
Original issue discount	(68,020)	-	68,020	-	-
Business-type activities long-term liabilities	<u>\$ 11,416,980</u>	<u>\$ 6,651,183</u>	<u>\$ (6,884,039)</u>	<u>\$ 11,184,124</u>	<u>\$ 1,223,280</u>

NOTE 11 - LONG TERM DEBT (continued)

Debt Maturity

Debt service requirements (excluding compensated absences and premiums or discounts) at December 31, 2017 were as follows:

Governmental Activities - Bonds				
Year Ended December 31,	General Obligation		Revenue Bonds	
	Principal	Interest	Principal	Interest
2018	\$ 483,000	\$ 311,982	\$ 1,080,000	\$ 144,978
2019	505,000	297,191	1,105,000	116,124
2020	533,000	278,251	1,035,000	86,441
2021	555,000	258,239	635,000	65,350
2022	510,000	240,494	645,000	50,900
2023-2027	2,965,000	1,386,157	1,600,000	57,975
2028-2032	2,535,000	871,870	-	-
Total	<u>\$ 8,086,000</u>	<u>\$ 3,644,184</u>	<u>\$ 6,100,000</u>	<u>\$ 521,768</u>

Business-type Activities Solid Waste			Council's Total Debt		
	Landfill Debt		Principal	Interest	Total
	Principal	Interest			
2018	\$ 795,000	\$ 364,162	\$ 2,358,000	\$ 821,122	\$ 3,179,122
2019	830,000	339,769	2,440,000	753,084	3,193,084
2020	855,000	312,709	2,423,000	677,401	3,100,401
2021	880,000	287,726	2,070,000	611,315	2,681,315
2022	905,000	265,407	2,060,000	556,801	2,616,801
2022-2026	5,125,000	855,449	9,690,000	2,299,581	11,989,581
2027-2031	1,185,000	23,700	3,720,000	895,570	4,615,570
	<u>\$ 10,575,000</u>	<u>\$ 2,448,922</u>	<u>\$ 24,761,000</u>	<u>\$ 6,614,874</u>	<u>\$ 31,375,874</u>

NOTE 12- CAPITAL LEASE

The Council entered into a lease purchase agreement to acquire a new gradall and two new tractors. This agreement qualified as a capital lease for accounting purposes and therefore the obligation was recorded at the present value of the future minimum lease payments as of the lease inception.

The total cost of the equipment in the amount of \$519,623 was financed. The term of the lease is 60 months beginning January 15, 2017 and ending December 15, 2021 and the Council is to pay \$9,581 each month beginning January 15, 2017.

As of December 31, 2017, the gradall and tractors are reported at \$454,688 (\$519,623 less \$64,955 for accumulated depreciation) in the Statement of Net Position as equipment and furniture.

In the year 2017 \$64,955 of depreciation was taken on the equipment.

The future minimum lease obligations and the net present value of the minimum lease payments as of December 31, 2017 is as follows:

Year ending December 31

2018	\$114,978
2019	114,978
2020	114,978
2021	<u>114,978</u>
Total minimum lease payments	\$459,912
Less: Interest portion	<u>(31,304)</u>
Present value of minimum lease payments	<u>\$428,608</u>

NOTE 13 - CONDUIT DEBT OBLIGATION AND ECONOMIC DEVELOPMENT GRANTS

The Council works with the Louisiana Economic Development Corporation (LEDC) to assist certain private entities in expanding their business in order to create jobs in the parish.

LEDC assists these private businesses by issuing grants to the Council, that the Council in turn uses to acquire assets to be leased to the private businesses. The businesses agree to use the assets to create a specified number of new jobs. At the end of the lease, the assets become the property of the business. If the businesses fail to create the agreed number of new jobs, the LEDC may require repayment of the grant by the business. During 2017 the LEDC and the Council were assisting a local business under this program.

In 2004, the Council and another business entered into an economic development award contract with LEDC for \$450,000. According to this contract, the Council is responsible for acquiring and refurbishing a building, then leasing the building to the private business entity. Under the contract, the private business entity is responsible for starting and operating a business and creating certain jobs in the future. The LEDC is responsible for reimbursing the Council for the purchase of the building and renovations up to \$450,000. The money is to be used to purchase and refurbish a building to be owned by the Council. Upon completion of the renovations, the building is to be leased to the private business entity. During 2005 the Council completed the project and received the final reimbursement from LEDC. The business began its operations in 2005. The business failed to create the specified number of jobs in 2011 and in prior years. Due to the business' failure to provide the agreed upon number of jobs, in October 2011 LEDC demanded repayment of principle and interest of \$202,269. The business began making monthly payments of \$1,700 in December 2011 and is currently making monthly payments of \$5,300 on this debt. The Council is not responsible for any repayments related to this debt.

In addition, the Council was assisting another local businesses by issuing Revenue Bonds in the business's behalf.

In 2007 the I D Board issued \$2.1 million of Tax Exempt Revenue Bonds to assist with the development of a new business. These Bonds are secured solely by properties owned by the business and revenues earned by the business and a guarantee by its affiliated company. In 2009, all of the approved bond proceeds had been drawn and utilized by the Company and the project was complete. The Company began making principle payments in 2010 and the outstanding balance of the debt was \$1,178,462 at December 31, 2017.

Neither the Council, nor any political subdivision thereof is obligated in any manner for repayment of any of the above described debt. Accordingly, the debt is not reported as liabilities in the accompanying financial statements.

NOTE 13 - CONDUIT DEBT OBLIGATION AND ECONOMIC DEVELOPMENT GRANTS
(continued)

At December 31, 2017, \$1,178,462 of conduit debt was outstanding.

NOTE 14 - VENTURES WITH OTHER GOVERNMENTS

The Council is participating in an agreement with the City of Franklin (City) for the operation of sewerage facilities for the City and surrounding Parish areas. The City government operates the system including budgetary and financial matters and the Council does not participate in the operation or management of the system. The Council reimburses the City for thirty percent of the operating costs. The Council, in turn, is reimbursed for 33% of its share by St. Mary Parish Water and Sewer Commission No. 4. The fiscal year for the project ends April 30, 2017.

Total revenues for the year ended April 30, 2017, were approximately \$217,000; total expenditures were approximately \$509,000. Separate balance sheet amounts are not readily available at year end.

The City maintains separate financial information for this project, which is included in its financial report for the year ended April 30, 2017, which is available from the Chief Financial Officer of the City of Franklin.

The City, Parish, and the St. Mary Parish Consolidated Drainage District No. 1 (District) have agreed to set up a fund for maintenance of the Yokely Pumping Station. Each of the three is to place in a Capital Maintenance Fund money in the amount of \$3,333 per year until the amount reaches the sum of \$50,000. At any time the fund falls below \$50,000 each entity is to replenish the fund on the same equal basis up to \$50,000. The District is in charge of overseeing the Capital Maintenance Fund. The District maintains separate financial information for this project, which is included in its financial report for the year ended September 30, 2016, which is available from the Clerk of the St. Mary Parish Council. Total revenues for the year ended September 30, 2017, were approximately \$10,000; total expenditures were approximately \$7,000. At September 30, 2017, total assets were approximately \$35,000 and the total fund balance was approximately \$31,000.

In 2009 the City, the Council, and the District entered into another intergovernmental agreement with the State of Louisiana to fund Phase II of the Yokely Project. The total estimated cost of this phase of the project is \$1,666,650, with the State's share being 70% of the cost or \$1,166,650 and the local share of the project being 30% or \$500,000. The City, the Council, and the District are each responsible for one-third of the local share. The Council has made payments totaling approximately \$90,400 through 2017. The City is in charge of overseeing the project until completion and will maintain financial information on the project which will be available from the City's Chief Financial Officer.

The Council entered into an agreement with Franklin City Court to provide 34% of the operation expenses for the Court and Marshal's office. The Council's share totaled approximately \$95,000 in 2017.

NOTE 15 - PENSION PLAN AND OTHER POST RETIREMENT BENEFITS

Plan Description

The Council contributes to the Parochial Employees' Retirement System of Louisiana Plan A (PERS-A), a cost sharing multiple-employer public employee retirement system administered by a Board of Trustees. The System was established and provided for by the Louisiana Revised Statutes (LRS).

Benefits Provided

PERS-A provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries. All permanent employees who work at least 28 hours a week may 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.

Retirement Benefits

Members 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.

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.

The monthly retirement allowance consists 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 with five 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 who is eligible for normal retirement at time of death, the surviving spouse shall receive benefits, 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 months immediately preceding death of the member, shall be paid benefits beginning at age 50.

NOTE 15 - PENSION PLAN AND OTHER POST RETIREMENT BENEFITS (continued)

Deferred Retirement Option Plan.

Act 338 of 1990 established the Deferred Retirement Option Plan (DROP) for the Retirement System. DROP is an option for members who are eligible for normal retirement. In lieu of terminating employment and accepting a service retirement, members who are eligible to retire may elect to participate in 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 DROP 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 DROP 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 PERS-A, and that any returns and other rights of the Plan are the sole liability and responsibility of the participant and the designated provider to which contributions have been made.

Disability Benefits.

Members shall be eligible to retire and receive a disability benefit if they were hired prior to January 1, 2007, and have at least five years of creditable service or if hired after January 1, 2007, have seven years of creditable service, and are not eligible for normal retirement and have 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 years, 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.

Contributions

According to state statute, contributions for all employers are actuarially determined each year. For the year ended December 31, 2016, the actuarially determined contribution rate was 10.52% of member's compensation. However, the actual rate for the fiscal year ending December 31, 2016 was 12.62%. Contributions to the Pension Plan from the Council were \$729,143 for the year ended December 31, 2017.

According to state statute, the System also receives $\frac{1}{4}$ of 1% of ad valorem taxes collected within the respective 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.

At December 31, 2017, the Council reported a liability of \$2,041,589 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuations as of that date. The Council's proportion of the net pension liability was based on a projection of the Council's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At December 31, 2016, the Council's proportion was 0.99130%, which was a decrease of 0.11563% from its proportion measured as of December 31, 2015. For the year ended December 31, 2017, the Council recognized pension expense of \$1,208,764. The Council recognized revenue of \$73,226 as its proportionate share of non-employer contributions for the year ended December 31, 2017.

NOTE 15 - PENSION PLAN AND OTHER POST RETIREMENT BENEFITS (continued)

At December 31, 2017, the Council 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		\$357,259
Changes of assumptions	\$387,607	
Net difference between projected and actual investment earnings on pension plan investments	1,584,349	
Change in proportion and differences between fund's contributions and proportionate share of contributions		8,661
Fund's contributions subsequent to the measurement date	<u>652,936</u>	<u> </u>
	<u>\$2,624,892</u>	<u>\$365,920</u>

NOTE 15 - PENSION PLAN AND OTHER POST RETIREMENT BENEFITS (continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31:

2017	\$595,190
2018	637,039
2019	415,646
2020	(42,805)

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of December 31, 2016, are as follows:

Valuation Date	December 31, 2016
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.00% (Net of investment expense)
Expected Remaining Service lives	4 years
Projected Salary Increases	5.25% (2.75% Merit/2.50% Inflation)
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increase not yet authorized by the Board of Trustees.
Mortality	RP-2000 Employee Mortality Table was selected for active members. RP-2000 Healthy Annuitant Mortality Table was selected for healthy annuitants and beneficiaries. RP-2000 Disabled Lives Mortality Table was selected for disabled annuitants.

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. Health Annuitant Sex Distinct Table (set forward two years for males and set forward one year for females) projected to 2031 using 2000 Disabled Lives Mortality Table set back 5 years for males and 3 years for females was selected. For active employees, RP-2000 Disabled Lives Mortality Table set back 4 years for males and 3 years for females was used.

NOTE 15 - PENSION PLAN AND OTHER POST RETIREMENT BENEFITS (continued)

Actuarial Assumptions (continued)

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

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

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Fixed Income	35%	1.24%
Equity	52%	3.63%
Alternatives	11%	0.67%
Real Assets	2%	0.12%
Totals	100%	5.66%
Inflation		2.0%
Expected Arithmetic Nominal Return		7.66%

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. 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.

NOTE 15 - PENSION PLAN AND OTHER POST RETIREMENT BENEFITS (continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Council's Proportionate Share of Net Pension Liability (Asset)	\$6,107,212	\$2,041,589	(\$1,396,019)

The Parochial Employees' Retirement System of Louisiana issued a stand-alone audit report on its financial statements for the year ended December 31, 2015. Access to the audit report can be found on the System's website: www.persla.org or on the Office of Louisiana Legislative Auditor's official website: www.la.state.la.us.

Other Post Retirement Benefits

Background. The Council provides healthcare insurance for their retired employees. Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* addresses the reporting requirements that should be followed for local governments. The Council has implemented these changes for the year beginning, January 1, 2008.

Plan description. The Council's Retiree Medical Plan is a single-employer defined benefit healthcare plan administered by the Council. The plan was established by the Council through Ordinance No. 1379 to provide medical insurance benefits to eligible retirees and their dependents upon retirement. The plan does not issue a financial report.

Funding Policy. Ordinance No. 1379 provides the authority under which the obligations of the plan members (current employees, retirees and retiree's dependents), and the employer (Council) are established or may be amended. No contribution is required by employees or retirees; a contribution equal to forty percent of the monthly health care insurance premium is required for each retiree's dependent. For retirees, the Council pays 100% of their medical benefits and 60% of their dependent's benefits. In 2017, the Council's portion of health care funding cost for retired employees totaled \$481,000. The Council has elected to fund the plan on the "pay-as-you-go" basis, that is paying retiree's and their dependent's insurance premiums when due.

NOTE 15 - PENSION PLAN AND OTHER POST RETIREMENT BENEFITS (continued)

Annual OPEB Cost and Net OPEB Obligation. The Parish's annual other post employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following tables show the components of the Parish's annual OPEB cost for the year, the amount actually contributed to the plan, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation at the end of the year:

Annual required contribution	\$1,831,155
Interest on net OPEB obligation	399,627
ARC Adjustment	<u>(577,762)</u>
Annual OPEB cost (expense)	1,653,020
Contributions made	<u>(481,284)</u>
Increase in net OPEB obligation	1,171,736
Net OPEB Obligations – Beginning of year	<u>9,990,686</u>
Net OPEB Obligations – End of year	<u>\$11,162,421</u>

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>% of annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
12/31/15	\$1,604,770	26.1%	\$8,833,087
12/31/16	1,760,726	25.3%	9,990,686
12/31/17	1,653,020	27.8%	11,162,421

Funding Status and Funding Progress. As of January 1, 2017, the most recent actuarial valuation, the actuarial accrued liability (AAL) was \$17,913,863, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$5,107,402, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 350.74%. As of December 31, 2017, the plan had no assets and hence had a funded ratio of zero.

Actuarial valuations of the benefits plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarial determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presented as required supplemental information following the notes to the financial statements presents information that shows whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liabilities for benefits.

NOTE 15 - PENSION PLAN AND OTHER POST RETIREMENT BENEFITS (continued)

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the Council and plan members) and include the types of benefits provided at the time of valuation and the historical pattern of sharing of benefits costs between the employer and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the Council and plan members in the future. The actuarial methods and assumptions used include techniques that are designed to reduce the effect of short term volatility in actuarial accrued liabilities and the actuarial value of assets consistent with the long term perspective of actuarial calculations.

In the January 1, 2017, actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included a 4% investment rate of return (net of administrative expenses), which is based on the expected long term investment returns on the Council's own investments, and on an initial annual medical trend cost rate of eight percent, and scaling down to an ultimate rate of five percent. The unfunded actuarial accrued liability is being amortized over thirty years using the level dollar amortization method on an open basis.

NOTE 16 - COMMITMENTS

In late 2016, the Council renewed an agreement with the Belle of Orleans, LLC (Belle), a riverboat casino approved by parish voters to be berthed in and operate in Amelia, Louisiana, as the Amelia Belle. In lieu of the Council imposing an admission fee upon the Belle's patrons, the Belle has agreed to pay fees to the Council based upon a percentage of its net gaming proceeds for a period of ten years. Presently, the fee is \$1,500,000 annually.

The Council entered into a cooperative endeavor agreement with the Office of the District Attorney of the Sixteenth Judicial District (District Attorney). Under this agreement, the Council will transfer a portion of the money received from the Belle to the District Attorney for the additional services and activities provided by the District Attorney. The Council paid the District Attorney approximately \$21,000 in 2017.

In 2011, the Council was awarded a federal grant for approximately \$19,500,000 to be funded and expended over ten years for various infrastructure and housing redevelopment and rehabilitation projects throughout the parish. The total amount spent on the projects through 2017 is approximately \$15,400,000. The Council will continue to conduct these projects in future years.

NOTE 17 - SOLID WASTE LANDFILL CLOSURE AND POST CLOSURE CARE COSTS

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

Area 4 was permitted in 2002 and began operations in 2008, it includes approximately 65 acres and is the main portion of the Parish landfill currently in operation. Area 3A which totals approximately 7 acres is restricted to receiving construction waste and debris and has been used primarily for debris from storms. Area 3 covers approximately 40 acres, in 2008 it reached capacity and was capped on an interim basis, it is now available for additional use.

Since the Council accepted solid wastes at the landfill site after October 1993, the Council will be responsible for meeting state and federal requirements on the portions of the landfill which operate after that time. Those requirements mandate not only rigid landfill closure requirements but also monitoring, remediation and containment requirements for thirty years after closure. For 2017 management, with the assistance of consulting engineers, has re-estimated costs for closure of the landfill to be approximately \$7,745,000. In 2017 the costs for postclosure care, monitoring, and containment have been estimated to be approximately \$1,794,000 (\$59,800 per year for thirty years). These new estimated costs are based upon adjustments to prior estimates based upon inflationary increases in costs.

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

As of December 31, 2017, the Council has recognized \$4,700,000 as the total estimated closure and postclosure care costs based upon the actual utilization through yearend compared to estimated total available usable landfill space as follows: Area 3 - 88%, Area 3A - 28%, and Area 4 - 28%. This leaves approximately \$4,839,000 of estimated closure and postclosure care costs remaining to be recognized in future years.

It is estimated that the landfill will reach its capacity in approximately 28 to 30 years at the current rate of use.

NOTE 17 - SOLID WASTE LANDFILL CLOSURE AND POST CLOSURE CARE COSTS (continued)

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

The Council meets the federal and state financial assurance requirements for operations of landfills, under the financial test or "self-insurance" method. The Council has set aside approximately \$3,650,000 in cash and investments for closure or post closure care costs, which is reported with restricted assets on the balance sheet of the Reduction and Transfer Fund.

NOTE 18 - RELATED PARTY

The Council received payment from the St. Mary Parish Sales Tax Department of approximately \$10,000 for office rental payments in 2017.

The Council made the following payments from the Wards 5 & 8 Sales Tax Fund during the year:

St. Mary Parish Recreation District No. 3	\$107,314
St. Mary Parish Recreation District No. 4	51,061
Hospital Service District No. 3	235,624
Fire District No. 7	18,100

The Council made the following payments from the Wards 1,2,3,4,7 & 10 Sales Tax Fund during the year:

St. Mary Parish Recreation No. 7	\$36,000
Recreation District No. 5	15,500

Payments from Fairview Treatment Center for 2017 were as follows:

St. Mary Hospital Service District No. 3	\$136,000
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Payments from Clair House for 2017 were as follows:

St. Mary Hospital Service District No. 3	\$61,000
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The Council made grant payments of \$250,000 to the Atchafalaya Golf Course during the year.

See Note 9 for the amounts payable and receivable accounts Components at December 31, 2017.

NOTE 19 - RISK MANAGEMENT AND CONTINGENCIES

The Council is exposed to various risks of loss related to torts, theft or damage to assets, errors and omissions, injuries to employees and natural disasters. The Council has purchased commercial insurance to protect against loss from most of these perils. In addition, the Council provides certain medical and health care to parish prisoners. Prior to 2012, it was the policy of the Council to retain the risk of loss related to the costs of health care benefits for prisoners. During 2012 the Council entered into a "Health Services Agreement" with a Commercial Health Care provider to provide certain medical care to prisoners on an ongoing basis for a monthly fee (a portion of which is reimbursed to the Council by the Sheriff). However the Council is still responsible for the hospitalization and certain other serious medical problems of the prisoners. During 2017 the Council paid \$803,000 and was reimbursed \$186,000 by the Sheriff under this agreement. In 2017, the Council paid an additional \$28,000 for hospitalization or other serious medical care.

During the year ended December 31, 1996, the Council adopted the provisions of GASB applicable to accounting and reporting for risk and insurance related activities of governmental entities. The Council is reporting its risk retention activities in its General Fund.

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

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

The Council participates in a number of federally assisted programs. These programs are audited in accordance with the Single Audit Act of 1984. Audits of prior years have not resulted in any significant disallowed costs; however, grantor agencies may provide for further examinations. During the current year management has determined that approximately \$305,000 in previously anticipated FEMA funds will not be received. Accordingly a provision for this is made in the Road Construction and Maintenance Fund. The Council's management believes that further examinations would not result in any material disallowed costs.

The Council is subject to several lawsuits. The Council intends to vigorously defend itself against these claims. Management and its legal counsel cannot yet predict the outcome of these matters. However management believes the Council's ultimate liability, if any, after insurance company and third party reimbursements would be immaterial. Accordingly, no liability is recorded in these financial statements for these claims.

NOTE 20 - SUBSEQUENT EVENT

In April of 2018 the Council authorized the issuance of \$10,000,000 of Revenue Bonds. The proceeds of these bonds will be used for improving roads, streets and bridges, and other improvements associated therewith.

REQUIRED SUPPLEMENTAL INFORMATION

St. Mary Parish Council

SCHEDULE OF THE COUNCIL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 Parochial Employees Retirement System of Louisiana (Plan A)
 as of December 31, 2016 (The Plan Measurement Date)

	2016	2015	2014
Council's proportion of the net pension liability (asset)	1.025232%	1.106930%	1.101947%
Amount of Council's proportionate share of the net pension liability (asset)	\$ 2,041,589	\$ 2,913,768	\$ 301,282
Council's covered-employee payroll	6,080,187	6,343,977	6,035,133
Council's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	33.58%	45.93%	4.99%
Plan fiduciary net position as a percentage of the total pension liability	94.15%	92.23%	99.15%

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

Unaudited

St. Mary Parish Council

SCHEDULE OF COUNCIL CONTRIBUTIONS
 Parochial Employees Retirement System of Louisiana (Plan A)
 For the Year Ended December 31, 2017

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 698,309	\$ 767,238	\$ 919,881
Contributions in relation to the contractually require contribution	<u>(698,309)</u>	<u>(767,238)</u>	<u>(919,881)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Council's covered-employee payroll	\$ 5,586,519	\$ 6,080,187	\$ 6,343,977
Contributions as a percentage of covered-employee payroll	12.50%	12.62%	14.50%

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

**ST. MARY PARISH COUNCIL
REQUIRED SUPPLEMENTAL INFORMATION**

**Schedule of Funding Progress for
the Council's Retiree Healthcare Plan**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)— Unit Cost (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a / b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b-a]/c)
1/1/2014	0	\$14,687,222	\$14,687,222	0	\$5,464,754	268.76%
1/1/2016	0	\$17,224,868	\$17,224,868	0	\$5,519,233	312.09%
1/1/2018	0	\$17,913,863	\$17,913,863	0	\$5,107,402	350.74%

Unaudited

SUPPLEMENTARY INFORMATION NON-MAJOR GOVERNMENTAL FUNDS

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

SPECIAL REVENUE FUNDS

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

DEBT SERVICE FUNDS

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

ST. MARY PARISH COUNCIL

Combining Balance Sheet
 Nonmajor Governmental Funds - By Fund Type
 December 31, 2017

	Special Revenue <u>Funds</u>	Debt Service <u>Funds</u>	Total Nonmajor Governmental <u>Funds</u>
ASSETS			
Cash and cash equivalents	\$ 10,513	\$ 2,442,271	\$ 2,452,784
Investments	1,815,144	526,214	2,341,358
Receivables (net of allowances for uncollectibles)	65,531		65,531
Due from other governments	1,453,044	414,765	1,867,809
Advance to other funds	617,844	1,099,203	1,717,047
Other assets	<u>4,220</u>		<u>4,220</u>
Total assets	<u>\$ 3,966,296</u>	<u>\$ 4,482,453</u>	<u>\$ 8,448,749</u>
LIABILITIES AND FUND EQUITY			
Liabilities			
Accounts payable	\$ 191,253		\$ 191,253
Accrued liabilities	53,672		53,672
Due to other governments	187,488		187,488
Advance from other funds	<u>250,060</u>	<u>\$ 870,809</u>	<u>1,120,869</u>
Total liabilities	<u>682,473</u>	<u>870,809</u>	<u>1,553,282</u>
Deferred inflows of resources	<u>191,749</u>	-	<u>191,749</u>
Total liabilities and deferred inflows	<u>874,222</u>	<u>870,809</u>	<u>1,745,031</u>
Fund equity			
Fund balances			
Restricted for			
Use in specific geographic areas	1,180,571		1,180,571
Debt services		2,405,621	2,405,621
Assigned for			
General Government	241,876		241,876
Public safety	165,603		165,603
Culture & recreation	294,787		294,787
Health & welfare	666,528		666,528
Urban redevelopment & housing	5,759		5,759
Debt services		1,206,023	1,206,023
Unassigned	<u>536,950</u>		<u>536,950</u>
Total fund equity	<u>3,092,074</u>	<u>3,611,644</u>	<u>6,703,718</u>
Total liabilities and fund equity	<u>\$ 3,966,296</u>	<u>\$ 4,482,453</u>	<u>\$ 8,448,749</u>

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

ST. MARY PARISH COUNCIL

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds - By Fund Type
 For the Year Ending December 31, 2017

	Special Revenue <u>Funds</u>	Debt Service <u>Funds</u>	Total Nonmajor Governmental <u>Funds</u>
REVENUES			
Taxes			
Sales and use	\$ 1,473,086	\$ 1,650,931	\$ 3,124,017
Ad Valorem		132,089	132,089
Intergovernmental revenues			
Federal	1,677,495		1,677,495
Medicaid	2,102,000		2,102,000
State	451,660		451,660
Local	201,777		201,777
Riverboat fees	1,500,000		1,500,000
Licenses & Permits	22,635		22,635
Fees, Charges, & Commission	176,359		176,359
Investment earnings & interest	21,394	21,244	42,638
Other revenues	7,458		7,458
	<u>7,633,864</u>	<u>1,804,264</u>	<u>9,438,128</u>
Total revenues			
EXPENDITURES			
Current:			
General government	326,492		326,492
Public safety	2,300,048		2,300,048
Public works	187,302		187,302
Culture & Recreation	385,662		385,662
Health & Welfare	3,593,069		3,593,069
Urban redevelopment & housing	400,624		400,624
Capital outlay	51,073		51,073
Debt service			
Principal		1,796,000	1,796,000
Interest		500,509	500,509
Fees		7,814	7,814
	<u>7,244,270</u>	<u>2,304,323</u>	<u>9,548,593</u>
Total expenditures			
Excess (deficiency) of revenues over (under) expenditures	<u>389,594</u>	<u>(500,059)</u>	<u>(110,465)</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers in	1,474,708	1,571,675	3,046,383
Operating transfers out	<u>(1,799,675)</u>	<u>(1,700,000)</u>	<u>(3,499,675)</u>
Total other financing sources (uses)	<u>(324,967)</u>	<u>(128,325)</u>	<u>(453,292)</u>
Excess of revenues and other sources over expenditures and other uses	<u>64,627</u>	<u>(628,384)</u>	<u>(563,757)</u>
Fund balance at beginning of year	3,027,447	4,240,028	7,267,475
Fund balance at end of year	<u>\$ 3,092,074</u>	<u>\$ 3,611,644</u>	<u>\$ 6,703,718</u>

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

ST. MARY PARISH COUNCIL

COMBINING FINANCIAL STATEMENTS & BUDGETARY COMPARISON SCHEDULES NON-MAJOR SPECIAL REVENUE FUNDS

GAMING RECEIPT FUND

The Gaming Receipt Fund is used to account for money received under an agreement with the Amelia Belle Riverboat Casino.

WITNESS FEE FUND

The Witness Fee Fund is used to account for monies received for court costs and fines related to cases in St. Mary Parish. Funds are used to pay witness fees related to Parish court cases.

JUROR COMPENSATION FUND

The Juror Compensation Fund is used to account for monies received related to juror compensation fees and paid for jury costs for cases in St. Mary Parish.

COMMUNITY GRANT FUND

The Community Grant Fund is used to account for money received from the Chitimacha Tribe under the community grant agreement which ended in 2007. During the year this fund was closed into the Gaming Receipt Fund.

WARDS 5 AND 8 SALES TAX FUND

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

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

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

JAIL OPERATING AND MAINTENANCE FUND

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

16th JDC - ST. MARY PARISH DRUG COURT FUND

The 16th JDC - St. Mary Parish Drug Court fund accounts for the operation of the adult and juvenile outpatient drug court program funded by federal and state grants from the Louisiana Supreme Court.

JOB READINESS PROGRAM FUND

The Job Readiness Program Fund is used to account for Federal and State funds received for the purpose of providing work readiness training and job development/placement for drug court clients and inmates in the Sixteenth Judicial District.

BOAT LANDING PERMITS FUND

The Boat Landing Permits Fund accounts for funds received from the sale of permits and launch fees to users of the various boat landings located throughout St. Mary Parish.

HOUSING PROGRAM

The Housing Program administers the Section 8 Housing Program which covers all of St. Mary Parish, excluding Morgan City.

DWI COURT

The DWI Court Fund is used to increase public safety by ensuring DWI offenders are held accountable for their behavior.

DWI COURT - PATIENT FUND

The DWI Court Patient Fee Fund is used to account for fees received and other expenses related to participants in the DWI Court Program.

FAIRVIEW TREATMENT CENTER

The Fairview Treatment Center operates an alcohol and drug abuse, inpatient treatment facility for the residents of Louisiana.

CLAIRE HOUSE

Claire House operates a long-term residential treatment facility for chemically addicted women and their children.

ST. MARY PARISH COUNCIL

Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2017

	Gaming Receipt Fund	Witness Fee Fund	Juror Compensation Fund	Wards 5 & 8 Sales Tax Fund	Wards 1,2,3,4,7 & 10 Sales Tax Fund	Jail Operating & Maint. Fund	16th JDC- St. Mary Parish Drug Court	Job Readiness Program Fund
ASSETS								
Cash and cash equivalents	\$ 1				\$ 1		\$ (84,032)	
Investments	753,580			\$ 647,310	315,148	\$ 98,892		
Accounts receivable				48,850			1,573	
Due from other governments		\$ 4,257	\$ 4,158		66,645	138,579	95,737	
Advance to other funds		68,609	164,852	29,663	95,700	29,946		\$ 7,042
Other assets								
Total assets	<u>\$ 753,581</u>	<u>\$ 72,866</u>	<u>\$ 169,010</u>	<u>\$ 725,823</u>	<u>\$ 477,494</u>	<u>\$ 267,417</u>	<u>\$ 13,278</u>	<u>\$ 7,042</u>
LIABILITIES AND FUND EQUITY								
Liabilities								
Accounts payable	\$ 37			\$ 10,425	\$ 11,689	\$ 101,814	\$ 21,413	\$ 2,520
Contracts payable								
Retainage payable								
Accrued liabilities					632		13,158	268
Deferred revenue								
Due to component units								
Due to other governments								
Advance from other funds	219,545						20,986	
Total liabilities	<u>219,582</u>	<u>-</u>	<u>-</u>	<u>10,425</u>	<u>12,321</u>	<u>101,814</u>	<u>55,557</u>	<u>2,788</u>
Deferred inflows of resources								
Total liabilities and deferred inflows	<u>219,582</u>	<u>-</u>	<u>-</u>	<u>10,425</u>	<u>12,321</u>	<u>101,814</u>	<u>55,557</u>	<u>2,788</u>
Fund equity (deficit)								
Fund balances (deficits)								
Restricted for use in specific geographic areas				715,398	465,173			
Assigned for								
General government		72,866	169,010					
Public safety						165,603		
Culture & Recreation								
Health & Welfare							(42,279)	4,254
Urban redevelopment & housing								
Unassigned	533,999							
Total fund equity (deficit)	<u>533,999</u>	<u>72,866</u>	<u>169,010</u>	<u>715,398</u>	<u>465,173</u>	<u>165,603</u>	<u>(42,279)</u>	<u>4,254</u>
Total liabilities and fund equity	<u>\$ 753,581</u>	<u>\$ 72,866</u>	<u>\$ 169,010</u>	<u>\$ 725,823</u>	<u>\$ 477,494</u>	<u>\$ 267,417</u>	<u>\$ 13,278</u>	<u>\$ 7,042</u>

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

ST. MARY PARISH COUNCIL

Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2017

	Boat Landing Permit Fund	Housing Program	DWI Court	DWI Court - Patient Fee	Fairview Treatment Center	Claire House	Total Nonmajor Special Revenue Funds
ASSETS							
Cash and cash equivalents	\$ 75,743	\$ 12,340		\$ 6,260		\$ 200	\$ 10,513
Investments	214						1,815,144
Accounts receivable		2,182			\$ 12,926		65,531
Due from other governments			\$ 15,410		778,470	349,788	1,453,044
Advance to other funds	219,545			2,487			617,844
Other assets						4,220	4,220
Total assets	\$ 295,502	\$ 14,522	\$ 15,410	\$ 8,747	\$ 791,396	\$ 354,208	\$ 3,966,296
LIABILITIES AND FUND EQUITY							
Liabilities							
Accounts payable	\$ 715		\$ 1,368		\$ 37,379	\$ 3,893	\$ 191,253
Contracts payable							
Retainage payable							
Accrued liabilities		\$ 8,763	1,562		29,289		53,672
Deferred revenue							
Due to component units							
Due to other governments					187,488		187,488
Advance from other funds			9,529				250,060
Total liabilities	715	8,763	12,459	-	254,156	3,893	682,473
Deferred inflows of resources					191,749		191,749
Total liabilities and deferred inflow:	715	8,763	12,459	-	445,905	3,893	874,222
Fund equity (deficit)							
Fund balances (deficits)							
Restricted for use in specific geographic areas							1,180,571
Assigned for							
General government							241,876
Public safety							165,603
Culture & Recreation	294,787						294,787
Health & Welfare				8,747	345,491	350,315	666,528
Urban redevelopment & housing		5,759					5,759
Unassigned			2,951				536,950
Total fund equity (deficit)	294,787	5,759	2,951	8,747	345,491	350,315	3,092,074
Total liabilities and fund equity	\$ 295,502	\$ 14,522	\$ 15,410	\$ 8,747	\$ 791,396	\$ 354,208	\$ 3,966,296

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

ST. MARY PARISH COUNCIL

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ending December 31, 2017

	Gaming Receipt Fund	Witness Fee Fund	Juror Compensation Fund	Wards 5 & 8 Sales Tax Fund	Wards 1,2,3,4,7 & 10 Sales Tax Fund	Jail Operating & Maint. Fund	16th JDC- St. Mary Parish Drug Court	Job Readiness Program Fund
REVENUES								
Taxes								
Sales and use				\$ 276,844	\$ 399,952	\$ 796,290		
Intergovernmental revenues								
Federal							\$ 167,538	\$ 7,044
Medicaid								
State							396,037	1,906
Local					15,465	186,312		
Riverboat fees	\$ 1,500,000							
Licenses & Permits		\$ 51,526	\$ 51,690			2,506	19,284	
Fees, Charges, & Commission	5,250			6,140	3,253	5,267		605
Investment earnings & interest	6,758				700			
Other revenues								
Total revenues	<u>1,512,008</u>	<u>51,526</u>	<u>51,690</u>	<u>282,984</u>	<u>419,370</u>	<u>990,375</u>	<u>582,859</u>	<u>9,555</u>
EXPENDITURES								
Current:								
General government	220,571	79,611	26,310					
Public safety	91,034			22,100	54,523	2,132,391		
Public works				56,776	130,526			
Culture & Recreation	67,665			164,475	152,058			
Health & Welfare	1,124			235,624	17,690		679,141	22,054
Urban redevelopment & Housing								
Capital outlay					29,569			
Total expenditures	<u>380,394</u>	<u>79,611</u>	<u>26,310</u>	<u>478,975</u>	<u>384,366</u>	<u>2,132,391</u>	<u>679,141</u>	<u>22,054</u>
Excess (deficiency) of revenues over (under) expenditures	1,131,614	(28,085)	25,380	(195,991)	35,004	(1,142,016)	(96,282)	(12,499)
OTHER FINANCING SOURCES								
Operating transfers in		24,708				1,450,000		
Operating transfers out	(1,147,312)					(452,363)		
Total other financing sources (uses)	<u>(1,147,312)</u>	<u>24,708</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>997,637</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(15,698)	(3,377)	25,380	(195,991)	35,004	(144,379)	(96,282)	(12,499)
Fund balance (deficits) at beginning of year	<u>549,697</u>	<u>76,243</u>	<u>143,630</u>	<u>911,389</u>	<u>430,169</u>	<u>309,982</u>	<u>54,003</u>	<u>16,753</u>
Fund balance (deficits) at end of year	<u>\$ 533,999</u>	<u>\$ 72,866</u>	<u>\$ 169,010</u>	<u>\$ 715,398</u>	<u>\$ 465,173</u>	<u>\$ 165,603</u>	<u>\$ (42,279)</u>	<u>\$ 4,254</u>

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

ST. MARY PARISH COUNCIL

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Special Revenue Funds
 For the Year Ending December 31, 2017

	Boat Landing Permit Fund	Housing Program	DWI Court	DWI Court - Patient Fee Fund	Fairview Treatment Center	Claire House	Total Nonmajor Special Revenue Funds
REVENUES							
Taxes							
Sales and use							\$ 1,473,086
Intergovernmental revenues							
Federal		\$ 399,699			\$ 451,494	\$ 651,720	1,677,495
Medicaid					2,102,000		2,102,000
State			\$ 53,717				451,660
Local							201,777
Riverboat fees							1,500,000
Licenses & Permits	\$ 22,635						22,635
Fees, Charges, & Commission	37,405			\$ 1,993	11,955		176,359
Investment earnings & interest	893		(40)	26			21,394
Other revenues							7,458
Total revenues	<u>60,933</u>	<u>399,699</u>	<u>53,677</u>	<u>2,019</u>	<u>2,565,449</u>	<u>651,720</u>	<u>7,633,864</u>
EXPENDITURES							
Current:							
General government							326,492
Public safety							2,300,048
Public works							187,302
Culture & Recreation	1,464						385,662
Health & Welfare			53,729	(880)	1,985,725	598,862	3,593,069
Urban redevelopment & Housing		400,624					400,624
Capital outlay	21,504						51,073
Total expenditures	<u>22,968</u>	<u>400,624</u>	<u>53,729</u>	<u>(880)</u>	<u>1,985,725</u>	<u>598,862</u>	<u>7,244,270</u>
Excess (deficiency) of revenues over (under) expenditures	37,965	(925)	(52)	2,899	579,724	52,858	389,594
OTHER FINANCING SOURCES							
Operating transfers in							1,474,708
Operating transfers out					(200,000)		(1,799,675)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(200,000)</u>	<u>-</u>	<u>(324,967)</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	37,965	(925)	(52)	2,899	379,724	52,858	64,627
Fund balance (deficits) at beginning of year	256,822	6,684	3,003	5,848	(34,233)	297,457	3,027,447
Fund balance (deficits) at end of year	<u>\$ 294,787</u>	<u>\$ 5,759</u>	<u>\$ 2,951</u>	<u>\$ 8,747</u>	<u>\$ 345,491</u>	<u>\$ 350,315</u>	<u>\$ 3,092,074</u>

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

ST. MARY PARISH COUNCIL

Budgetary Comparison Schedule
 Gaming Receipt Fund
 For the Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Riverboat fees	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ -
Investment earnings & interest	1,000	3,550	5,250	1,700
Other revenues		6,757	6,758	1
Total revenues	<u>1,501,000</u>	<u>1,510,307</u>	<u>1,512,008</u>	<u>1,701</u>
EXPENDITURES				
Current:				
General government	200,750	221,151	220,571	580
Public safety	101,900	101,900	91,034	10,866
Culture & Recreation	75,000	67,665	67,665	-
Health & Welfare	15,000	1,500	1,124	376
Total expenditures	<u>392,650</u>	<u>392,216</u>	<u>380,394</u>	<u>11,822</u>
Excess of revenues over expenditures	<u>1,108,350</u>	<u>1,118,091</u>	<u>1,131,614</u>	<u>13,523</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers out				
General Fund	(380,000)	(280,000)	(280,000)	-
Jail Operating & Maintenance Fund	(450,000)	(450,000)	(450,000)	-
Certificate of Indebtedness Sinking Fund	<u>(417,312)</u>	<u>(417,312)</u>	<u>(417,312)</u>	-
Total other financing sources (uses)	<u>(1,247,312)</u>	<u>(1,147,312)</u>	<u>(1,147,312)</u>	-
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(138,962)	(29,221)	(15,698)	13,523
Fund balance at beginning of year	<u>549,697</u>	<u>549,697</u>	<u>549,697</u>	-
Fund balance at end of year	<u>\$ 410,735</u>	<u>\$ 520,476</u>	<u>\$ 533,999</u>	<u>\$ 13,523</u>

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

ST. MARY PARISH COUNCIL

Budgetary Comparison Schedule
 Witness Fee Fund
 For the Year Ended December 31, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUES				
Fees, Charges, & Commission	\$ 60,000	\$ 60,000	\$ 51,526	\$ (8,474)
Total revenues	<u>60,000</u>	<u>60,000</u>	<u>51,526</u>	<u>(8,474)</u>
EXPENDITURES				
Current:				
General government				
Witness Fees	30,000	29,000	28,660	340
Payment to 16th JDC Crimnal Court Fund		<u>50,951</u>	<u>50,951</u>	-
Total expenditures	<u>30,000</u>	<u>79,951</u>	<u>79,611</u>	<u>340</u>
Excess (deficiency) of revenues over (under) expenditures	<u>30,000</u>	<u>(19,951)</u>	<u>(28,085)</u>	<u>(8,134)</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in				
General Fund		<u>24,708</u>	<u>24,708</u>	-
Total other financing sources (uses)	<u>-</u>	<u>24,708</u>	<u>24,708</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	30,000	4,757	(3,377)	8,134
Fund balance at beginning of year	<u>76,243</u>	<u>76,243</u>	<u>76,243</u>	<u>-</u>
Fund balance at end of year	<u>\$ 106,243</u>	<u>\$ 81,000</u>	<u>\$ 72,866</u>	<u>\$ (8,134)</u>

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

ST. MARY PARISH COUNCIL

Budgetary Comparison Schedule
 Juror Compensation Fund
 For the Year Ended December 31, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUES				
Fees, Charges, & Commission	\$ 60,000	\$ 50,000	\$ 51,690	\$ 1,690
Total revenues	<u>60,000</u>	<u>50,000</u>	<u>51,690</u>	<u>1,690</u>
EXPENDITURES				
Current:				
General government	<u>40,000</u>	<u>35,000</u>	26,310	<u>8,690</u>
Total expenditures	<u>40,000</u>	<u>35,000</u>	<u>26,310</u>	<u>8,690</u>
Excess revenues over expenditures	20,000	15,000	25,380	10,380
Fund balance at beginning of year	<u>143,630</u>	<u>143,630</u>	<u>143,630</u>	<u>-</u>
Fund balance at end of year	<u>\$ 163,630</u>	<u>\$ 158,630</u>	<u>\$ 169,010</u>	<u>\$ 10,380</u>

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

ST. MARY PARISH COUNCIL

Budgetary Comparison Schedule
 Wards 5 & 8 Sales Tax Fund
 For the Year Ended December 31, 2017

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance with Final Budget Positive <u>(Negative)</u>
REVENUES				
Taxes				
Sales and use	\$ 235,000	\$ 260,000	\$ 276,844	\$ 16,844
Investment earnings & interest	1,000	4,000	6,140	2,140
Total revenues	<u>236,000</u>	<u>264,000</u>	<u>282,984</u>	<u>18,984</u>
EXPENDITURES				
Current:				
General government	3,300	3,300		3,300
Public safety				
Fire fighting	10,000	28,100	22,100	6,000
Public works				
Street lighting	55,000	55,000	55,124	(124)
Wax Lake East Drainage District	12,000	12,000	1,652	10,348
City of Patterson		50,000		50,000
Culture & Recreation				
Town of Berwick	3,000	3,000	3,000	-
Other	2,700	4,800	3,100	1,700
Recreation District #3	108,000	108,000	107,314	686
Recreation District #4	50,000	55,000	51,061	3,939
Health & Welfare				
Hospital District No. 3		245,000	235,624	9,376
Total expenditures	<u>244,000</u>	<u>564,200</u>	<u>478,975</u>	<u>85,225</u>
Excess (deficiency) of revenues over (under) expenditures	(8,000)	(300,200)	(195,991)	104,209
Fund balance at beginning of year	<u>911,389</u>	<u>911,389</u>	<u>911,389</u>	-
Fund balance at end of year	<u>\$ 903,389</u>	<u>\$ 611,189</u>	<u>\$ 715,398</u>	<u>\$ 104,209</u>

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

ST. MARY PARISH COUNCIL

Budgetary Comparison Schedule
 Wards 1, 2, 3, 4, 7, & 10 Sales Tax Fund
 For the Year Ended December 31, 2017

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance with Final Budget Positive <u>(Negative)</u>
REVENUES				
Taxes				
Sales and use	\$ 320,000	\$ 380,000	\$ 399,952	\$ 19,952
Investment earnings & interest	500	1,900	3,253	1,353
Intergovernmental		15,465	15,465	-
Other revenues		700	700	-
Total revenues	<u>320,500</u>	<u>398,065</u>	<u>419,370</u>	<u>21,305</u>
EXPENDITURES				
Current:				
General government				
Public safety				
Fire fighting	50,523	54,523	54,523	-
Public works				
City of Franklin	6,000	13,000		13,000
Street lighting	127,500	127,500	130,526	(3,026)
Sanitation				
Culture & Recreation				
Administrative	3,010	3,010		3,010
Elizabeth B. Davis Park	71,652	40,152	26,649	13,503
Hebert-Washington Park	64,252	40,752	30,395	10,357
City of Franklin	3,334	7,834	7,833	1
St. Joseph Recreation Area	9,267	9,267	4,963	4,304
Recreation District #5		15,500	15,500	-
Recreation District #7	30,000	36,000	36,000	-
Sorrell Park	500	500	342	158
Enrichment Programs	13,000	23,000	23,000	-
Other	1,000	6,876	7,376	(500)
Health & Welfare				
St. Mary Community Action Agency		2,500	2,500	-
Save Our Children Mentoring Program	11,000	11,000	11,000	-
General Assistance		3,965	4,190	(225)
Capital outlay				
Sidewalks & Crosswalks	10,000	29,600	29,569	31
Total expenditures	<u>401,038</u>	<u>424,979</u>	<u>384,366</u>	<u>40,613</u>
Excess (deficiency) of revenues over (under) expenditures	(80,538)	(26,914)	35,004	61,918
Fund balance at beginning of year	<u>430,169</u>	<u>430,169</u>	<u>430,169</u>	<u>-</u>
Fund balance at end of year	<u>\$ 349,631</u>	<u>\$ 403,255</u>	<u>\$ 465,173</u>	<u>\$ 61,918</u>

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

ST. MARY PARISH COUNCIL

Budgetary Comparison Schedule
 Jail Operating & Maintenance Fund
 For the Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes				
Sales and use	\$ 800,000	\$ 810,000	\$ 796,290	\$ (13,710)
Intergovernmental revenues				
Local				
Sheriff	263,000	186,311	186,312	1
Fees, Charges, & Commission	4,000	3,000	2,506	(494)
Investment earnings & interest		3,850	5,267	1,417
Total revenues	<u>1,067,000</u>	<u>1,003,161</u>	<u>990,375</u>	<u>(12,786)</u>
EXPENDITURES				
Current:				
Public safety				
Administration	742,000	625,000	585,358	39,642
Adult Correctional Institution	1,363,500	1,359,500	1,306,271	53,229
Cost for Juvenile Prisoners	15,000	11,000	7,830	3,170
Adult Correctional Institution - Morgan City Jail	180,000	230,000	232,932	(2,932)
Total expenditures	<u>2,300,500</u>	<u>2,225,500</u>	<u>2,132,391</u>	<u>93,109</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,233,500)</u>	<u>(1,222,339)</u>	<u>(1,142,016)</u>	<u>80,323</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in				
General Fund	1,250,000	1,000,000	1,000,000	-
Gaming Receipt Fund	450,000	450,000	450,000	-
Operating transfers out				
Jail Sinking Fund	(430,822)	(430,822)	(430,822)	-
Jail Reserve Fund	(21,542)	(21,542)	(21,541)	(1)
Total other financing sources (uses)	<u>1,247,636</u>	<u>997,636</u>	<u>997,637</u>	<u>(1)</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	14,136	(224,703)	(144,379)	80,322
Fund balance at beginning of year	<u>309,982</u>	<u>309,982</u>	<u>309,982</u>	<u>-</u>
Fund balance at end of year	<u>\$ 324,118</u>	<u>\$ 85,279</u>	<u>\$ 165,603</u>	<u>\$ 80,324</u>

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

ST. MARY PARISH COUNCIL

Budgetary Comparison Schedule
 16th JDC - St. Mary Parish Drug Court
 For the Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Federal grant	\$ 149,000	\$ 149,000	\$ 167,538	\$ 18,538
State grant	401,000	401,000	396,037	(4,963)
Patient fees	50,000	22,000	19,284	(2,716)
Total revenues	<u>600,000</u>	<u>572,000</u>	<u>582,859</u>	<u>10,859</u>
EXPENDITURES				
Current				
Health and welfare				
Personal services and benefits	391,666	407,166	415,453	(8,287)
Operating services	82,784	82,784	112,658	(29,874)
Supplies	35,030	36,030	16,333	19,697
Professional services	63,520	63,520	66,928	(3,408)
Lab fees	50,000	50,000	64,684	(14,684)
Travel	5,000	2,500	2,089	411
Bad debts			996	(996)
Total expenditures	<u>628,000</u>	<u>642,000</u>	<u>679,141</u>	<u>(37,141)</u>
Excess (deficiency) of revenues over (under) expenditures	(28,000)	(70,000)	(96,282)	(26,282)
Fund balance at beginning of year	<u>121,000</u>	<u>32,385</u>	<u>54,003</u>	<u>21,618</u>
Fund balance at end of year	<u>\$ 93,000</u>	<u>\$ (37,615)</u>	<u>\$ (42,279)</u>	<u>\$ (4,664)</u>

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

ST. MARY PARISH COUNCIL

Budgetary Comparison Schedule
 Job Readiness Program Fund
 For the Year Ended December 31, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental Revenues				
Federal Grants	\$ 6,000	\$ 7,100	\$ 7,044	\$ (56)
State Grants	1,500	2,000	1,906	(94)
Interest Earnings	<u>50</u>	<u>600</u>	<u>605</u>	<u>5</u>
Total Revenues	<u>7,550</u>	<u>9,700</u>	<u>9,555</u>	<u>(145)</u>
EXPENDITURES				
Current:				
Health & Welfare	<u>12,970</u>	<u>21,520</u>	<u>22,054</u>	<u>(534)</u>
Total expenditures	<u>12,970</u>	<u>21,520</u>	<u>22,054</u>	<u>(534)</u>
Excess (deficiency) of revenues over (under) expenditures	(5,420)	(11,820)	(12,499)	(679)
Fund balance at the beginning of year	<u>16,753</u>	<u>16,753</u>	<u>16,753</u>	<u>-</u>
Fund balance at the end of year	<u>\$ 11,333</u>	<u>\$ 4,933</u>	<u>\$ 4,254</u>	<u>\$ (679)</u>

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

ST. MARY PARISH COUNCIL

Budgetary Comparison Schedule
 Boat Landing Permit Fund
 For the Year Ended December 31, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUES				
Licenses & permits	\$ 20,000	\$ 20,000	\$ 22,635	\$ 2,635
Fees, Charges, & Commission	33,350	38,350	37,405	(945)
Investment earnings & interest	<u>500</u>	<u>500</u>	<u>893</u>	<u>393</u>
Total revenues	<u>53,850</u>	<u>58,850</u>	<u>60,933</u>	<u>2,083</u>
EXPENDITURES				
Current:				
Culture & Recreation		1,200	1,464	(264)
Capital outlay	<u>204,000</u>	<u>34,000</u>	<u>21,504</u>	<u>12,496</u>
Total expenditures	<u>204,000</u>	<u>35,200</u>	<u>22,968</u>	<u>12,232</u>
Excess of revenues over expenditures	(150,150)	23,650	37,965	14,315
Fund balance at beginning of year	<u>256,822</u>	<u>256,822</u>	<u>256,822</u>	<u>-</u>
Fund balance at end of year	<u>\$ 106,672</u>	<u>\$ 280,472</u>	<u>\$ 294,787</u>	<u>\$ 14,315</u>

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

ST. MARY PARISH COUNCIL

Budgetary Comparison Schedule
Housing Program
For the Year Ended December 31, 2017

	Original & Final <u>Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental revenues			
Federal grants	\$ 402,800	\$ 399,699	\$ (3,101)
Total revenues	<u>402,800</u>	<u>399,699</u>	<u>(3,101)</u>
EXPENDITURES			
Current:			
Urban redevelopment & housing			
Housing assistance and administrative	<u>402,800</u>	<u>400,624</u>	<u>2,176</u>
Total expenditures	<u>402,800</u>	<u>400,624</u>	<u>2,176</u>
Excess (deficiency) of revenues over (under) expenditures	-	(925)	(925)
Fund balance at beginning of year	<u>14,591</u>	<u>6,684</u>	<u>7,907</u>
Fund balance at end of year	<u>\$ 14,591</u>	<u>\$ 5,759</u>	<u>\$ 6,982</u>

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

ST. MARY PARISH COUNCIL

Budgetary Comparison Schedule
 DWI Court
 For the Year Ended December 31, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final Budget Positive (Negative)
REVENUES				
Federal grant	\$ 52,500	\$ 55,000	\$ 53,717	\$ (1,283)
Interest earnings			(40)	(40)
Total Revenue	<u>52,500</u>	<u>55,000</u>	<u>53,677</u>	<u>(1,323)</u>
EXPENDITURES				
Health & welfare	<u>52,500</u>	<u>55,000</u>	<u>53,729</u>	<u>1,271</u>
Total Expenditure	<u>52,500</u>	<u>55,000</u>	<u>53,729</u>	<u>1,271</u>
Excess of (deficiency) of revenues over (under) expenditures	-	-	(52)	(52)
Fund balance at beginning of year	<u>3,003</u>	<u>3,003</u>	<u>3,003</u>	<u>-</u>
Fund balance (deficit) at end of year	<u>\$ 3,003</u>	<u>\$ 3,003</u>	<u>\$ 2,951</u>	<u>\$ (52)</u>

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

ST. MARY PARISH COUNCIL

Budgetary Comparison Schedule
 DWI Court - Patient Fee Fund
 For the Year Ended December 31, 2017

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance with Final Budget Positive <u>(Negative)</u>
REVENUES				
Fees, charges, & commission	\$ 4,100	\$ 2,100	\$ 1,993	\$ (107)
Investment earnings & interest	<u>5</u>	<u>15</u>	<u>26</u>	<u>11</u>
Total revenues	<u>4,105</u>	<u>2,115</u>	<u>2,019</u>	<u>(96)</u>
EXPENDITURES				
Health & Welfare				
Refund of Expense	<u>7,650</u>	<u>-</u>	<u>(880)</u>	<u>880</u>
Total expenditures	<u>7,650</u>	<u>-</u>	<u>(880)</u>	<u>880</u>
Excess (deficiency) of revenues over (under) expenditures	(3,545)	2,115	2,899	784
Fund balance at beginning of year	<u>5,848</u>	<u>5,848</u>	<u>5,848</u>	<u>-</u>
Fund balance at end of year	<u>\$ 2,303</u>	<u>\$ 7,963</u>	<u>\$ 8,747</u>	<u>\$ 784</u>

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

ST. MARY PARISH COUNCIL

Budgetary Comparison Schedule (Non GAAP Basis)
 Fairview Treatment Center
 For the Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental Revenues				
Federal	\$ 1,070,000	\$ 414,240	\$ 451,494	\$ 37,254
Medicaid	621,878	1,839,361	2,102,000	262,639
State	260,000	105,840		(105,840)
Patient fees	15,500	5,704	11,955	6,251
Total revenues	<u>1,967,378</u>	<u>2,365,145</u>	<u>2,565,449</u>	<u>200,304</u>
EXPENDITURES				
Current				
Health & welfare				
Personal services and benefits	1,245,260	1,221,930	1,193,687	28,243
Travel	1,000	256	255	1
Operating services	439,739	337,460	336,615	845
Supplies	53,879	66,270	98,048	(31,778)
Professional services	206,000	329,711	326,476	3,235
Lab fees	10,500	5,245	8,814	(3,569)
Capital Outlay	5,000	49,321	8,281	41,040
Total expenditures	<u>1,961,378</u>	<u>2,010,193</u>	<u>1,972,176</u>	<u>38,017</u>
Excess of revenues over expenditures before transfer	<u>6,000</u>	<u>354,952</u>	<u>593,273</u>	<u>(238,321)</u>
Transfer to St. Mary Parish		(200,000)	(200,000)	-
Net change in fund balance- Non GAAP Basis	<u>6,000</u>	<u>154,952</u>	<u>393,273</u>	<u>(238,321)</u>
Reconciliation Non GAAP to GAAP Basis				
Bad Debt			(13,549)	
Net change in fund balance - GAAP Basis			<u>\$ 379,724</u>	

Note on Budgeting Basis:

Fairview Treatment Center uses the GAAP Basis for budgeting except no provision is made for uncollectible accounts, and Fairview Treatment Center records transfers in as intergovernmental revenue rather than transfers in for budgetary reporting purposes.

ST. MARY PARISH COUNCIL

Budgetary Comparison Schedule
 Claire House
 For the Year Ended December 31, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUES				
Federal grant	\$ 634,363	\$ 653,363	\$ 651,622	\$ (1,741)
Other income			98	98
Total revenues	<u>634,363</u>	<u>653,363</u>	<u>651,720</u>	<u>(1,643)</u>
EXPENDITURES				
Current				
Health and welfare				
Personal services and benefits	476,518	489,118	445,734	43,384
Operating services	138,345	145,938	138,273	7,665
Supplies	11,500	12,900	10,989	1,911
Professional services	3,000	3,000	2,983	17
Capital Outlay	5,000	2,407	883	1,524
Total expenditures	<u>634,363</u>	<u>653,363</u>	<u>598,862</u>	<u>54,501</u>
Excess revenues over expenditures	<u>-</u>	<u>-</u>	<u>52,858</u>	<u>52,858</u>
Fund balance at beginning of year	<u>297,547</u>	<u>297,457</u>	<u>297,457</u>	<u>-</u>
Fund balance at end of year	<u>\$ 297,547</u>	<u>\$ 297,457</u>	<u>\$ 350,315</u>	<u>\$ 52,858</u>

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

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

SALES TAX BOND SINKING FUND

The Sales Tax Bond Sinking Fund accounts for the Council's share of a one percent sales tax which is to be used for the retirement of the 2005 bond issue totaling \$1,255,000 (repaid in 2016), and the 2011 bond issue totaling \$6,865,000. Any amounts accumulated in excess of debt service requirements can be used by the parish for any lawful purpose.

SALES TAX BOND RESERVE FUND

The Sales Tax Bond Reserve Fund is a reserve fund required by the 2005 \$1,255,000 (repaid in 2016) bond issue indenture and the 2011 \$6,865,000 bond issue indenture.

THREE-FOURTHS PERCENT SALES TAX BOND RESERVE FUND

The Three-Fourths Percent Sales Tax Bond Reserve Fund is a reserve fund required by the \$3,750,000 2007 Sewerage Sales Tax Bond issue indenture (repaid in 2016), 2012 \$3,890,000 bond issue, and the 2015 \$2,190,000 Sales Tax Refunding Bond Issue.

THREE-FOURTHS PERCENT SALES TAX BOND SINKING FUND

The Three-Fourths Percent Sales Tax Bond Sinking Fund accumulates that portion of the three-fourths percent sales tax needed for the payment of 2007 \$3,750,000 sewerage sales tax bond issue (repaid in 2016), 2012 \$3,890,000 bond issue, and 2015 \$2,190,000 Sewerage Sales Tax Refunding Bond Issue.

ST. MARY PARISH LIBRARY SINKING FUND

The Library General Obligation Sinking Fund accounts for the receipt of ad valorem taxes and payment of the 2009 \$2,500,000 of general obligation bonds.

CERTIFICATES OF INDEBTEDNESS SINKING FUND

This fund accounts for the transfer of revenues for the repayment of the \$2,370,000 Public Parks and Recreation Refunding Bonds (final payment made in 2017), and the \$600,000 Certificates of Indebtedness, \$2,345,000 Series 2012 Revenue Refunding Bonds.

JAIL SINKING FUND

The Jail Sinking Fund accounts for the payment of \$3,490,000 Series 2010 Jail Revenue and Refunding Bonds, and the transfer of excess revenues over expenditures from the Jail Operating Fund.

JAIL RESERVE FUND

The Jail Reserve Fund is a reserve fund required by the \$3,490,000 Series 2010 Jail Revenue and Refunding Bonds.

ST. MARY PARISH COUNCIL

Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2017

	<u>Sales Tax Bond Sinking Fund</u>	<u>Sales Tax Bond Reserve Fund</u>	<u>3/4% Sales Tax Bond Reserve Fund</u>	<u>3/4% Sales Tax Bond Sinking Fund</u>	<u>St. Mary Parish Library Sinking Fund</u>	<u>Certificates of Indebtedness Sinking Fund</u>	<u>Jail Sinking Fund</u>	<u>Jail Reserve Fund</u>	<u>Total Nonmajor Debt Service Funds</u>
ASSETS									
Cash and cash equivalents	\$ 156,000	\$ 601,651	\$ 705,619	\$ 300,001	\$ 116,000		\$ 336,500	\$ 226,500	\$ 2,442,271
Investments	524,941	204	2	738	329				526,214
Due from other governments	287,109				127,656				414,765
Advance to other funds		24,048		252,973	215,391	\$ 428,043	178,748		1,099,203
Total assets	<u>968,050</u>	<u>625,903</u>	<u>705,621</u>	<u>553,712</u>	<u>459,376</u>	<u>428,043</u>	<u>515,248</u>	<u>226,500</u>	<u>4,482,453</u>
LIABILITIES AND FUND EQUITY									
Liabilities									
Advance from other funds	\$ 810,110							\$ 60,699	\$ 870,809
Total liabilities	<u>810,110</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>60,699</u>	<u>870,809</u>
Fund equity									
Fund balances									
Restricted for debt service	156,000	625,699	705,621	300,000	116,000		336,500	165,801	2,405,621
Assigned for debt service	1,940	204		253,712	343,376	428,043	178,748		1,206,023
Total fund equity	<u>157,940</u>	<u>625,903</u>	<u>705,621</u>	<u>553,712</u>	<u>459,376</u>	<u>428,043</u>	<u>515,248</u>	<u>165,801</u>	<u>3,611,644</u>
Total liabilities and fund equity	<u>\$ 968,050</u>	<u>\$ 625,903</u>	<u>\$ 705,621</u>	<u>\$ 553,712</u>	<u>\$ 459,376</u>	<u>\$ 428,043</u>	<u>\$ 515,248</u>	<u>\$ 226,500</u>	<u>\$ 4,482,453</u>

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

ST. MARY PARISH COUNCIL

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Debt Service Funds
For the Year Ending December 31, 2017

	Sales Tax Bond <u>Sinking Fund</u>	Sales Tax Bond Reserve <u>Fund</u>	3/4% Sales Tax Bond <u>Reserve Fund</u>	3/4% Sales Tax Bond <u>Sinking Fund</u>	St. Mary Parish Library <u>Sinking Fund</u>	Certificate of Indebtedness <u>Sinking Fund</u>	Jail Sinking <u>Fund</u>	Jail Reserve <u>Fund</u>	Total Nonmajor Debt Service <u>Funds</u>
REVENUES									
Taxes									
Sales and use	\$ 1,650,931								\$ 1,650,931
Ad Valorem					\$ 132,089				132,089
Investment earnings & interest	9,936	\$ 2,079	\$ 2,341	\$ 1,824	1,531	\$ 1,881	\$ 1,145	\$ 507	21,244
Total revenues	<u>1,660,867</u>	<u>2,079</u>	<u>2,341</u>	<u>1,824</u>	<u>133,620</u>	<u>1,881</u>	<u>1,145</u>	<u>507</u>	<u>1,804,264</u>
EXPENDITURES									
Capital outlay									
Debt service									
Principal	295,000			585,000	105,000	441,000	370,000		1,796,000
Interest	242,213			111,506	73,145	20,599	53,046		500,509
Fees	2,250			4,114	950		500		7,814
Total expenditures	<u>539,463</u>	<u>-</u>	<u>-</u>	<u>700,620</u>	<u>179,095</u>	<u>461,599</u>	<u>423,546</u>	<u>-</u>	<u>2,304,323</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,121,404</u>	<u>2,079</u>	<u>2,341</u>	<u>(698,796)</u>	<u>(45,475)</u>	<u>(459,718)</u>	<u>(422,401)</u>	<u>507</u>	<u>(500,059)</u>
OTHER FINANCING SOURCES (USES)									
Operating transfers in				702,000		417,312	430,822	21,541	1,571,675
Operating transfers out	<u>(1,700,000)</u>								<u>(1,700,000)</u>
Total other financing sources (uses)	<u>(1,700,000)</u>	<u>-</u>	<u>-</u>	<u>702,000</u>	<u>-</u>	<u>417,312</u>	<u>430,822</u>	<u>21,541</u>	<u>(128,325)</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	<u>(578,596)</u>	<u>2,079</u>	<u>2,341</u>	<u>3,204</u>	<u>(45,475)</u>	<u>(42,406)</u>	<u>8,421</u>	<u>22,048</u>	<u>(628,384)</u>
Fund balance at beginning of year	<u>736,536</u>	<u>623,824</u>	<u>703,280</u>	<u>550,508</u>	<u>504,851</u>	<u>470,449</u>	<u>506,827</u>	<u>143,753</u>	<u>4,240,028</u>
Fund balance at end of year	<u>\$ 157,940</u>	<u>\$ 625,903</u>	<u>\$ 705,621</u>	<u>\$ 553,712</u>	<u>\$ 459,376</u>	<u>\$ 428,043</u>	<u>\$ 515,248</u>	<u>\$ 165,801</u>	<u>\$ 3,611,644</u>

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

GENERAL SUPPLEMENTARY INFORMATION

St. Mary Parish Council
 Compensation Paid Council Members
 For the Year Ended December 31, 2017

<u>Outgoing Single Members</u>	
Casey Crappell	\$ 1,350
 <u>Incoming Single Members</u>	
Patrick Hebert	2,035
 <u>Continuing Single Members:</u>	
James Wallace Bennet, Jr.	5,400
Sterling J. Fryou, Sr.	5,400
Glen Hidalgo	5,400
J. Bertrand Ina	5,400
Craig Alonzo Mathews	5,400
Dale James Rogers	5,400
Kenneth Singleton	5,400
 <u>Outgoing at Large</u>	
Pamela G. Washington	3,582
 <u>Councilman at Large</u>	
Gabriel Beadle, Chairman (single member for a portion of the year)	8,236
Paul Naquin, Jr.	9,969
Kevin Voisin	<u>9,628</u>
	 <u>\$ 69,215</u>

ST. MARY PARISH COUNCIL

Schedule of Compensation, Benefits, and Reimbursements to
Agency Head, Political Subdivision Head, or Chief Executive Officer
For the Year Ended December 31, 2017

Parish President: David J. Hanagriff

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 11,539
Benefits-Insurance	14,599
Benefits-Retirement	1,500
Cell phone allowance	1,401
Automobile allowance	14,013
Total	<u>\$ 43,052</u>

Outgoing Parish President: Paul Naquin, Jr.

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 462
Benefits-Insurance	178
Benefits-Deferred compensation	29
Cell phone allowance	39
Automobile allowance	387
Total	<u>\$ 1,095</u>

Chief Administrative Officer: Henry C. LaGrange

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 95,000
Benefits-Insurance	17,338
Benefits-retirement	12,350
Reimbursement-Travel	723
Total	<u>\$ 125,411</u>

These amounts represent all compensation, benefits, and reimbursements for the year.

ST. MARY PARISH COUNCIL
Schedule of Insurance Policies In Force
For the Year Ended December 31, 2017

<u>Coverage</u>	<u>Amounts or Limits</u>	<u>Expires</u>	<u>Company</u>
Workers' Compensation and Employer's Liability	\$1,000,000	01/01/2018	PGRMA
Ferry-Hull and Machinery	\$75,000	05/16/2018	Alianz Global Corp
Ferry-Protection & Indemnity	\$1,000,000	05/16/2018	Lloyds' of London
Property and Extended Coverage	\$22,868,430	06/15/2018	Illinois Union Ins. Co.
Equipment Floater	\$7,046,461	06/15/2018	Continental Casualty
Boiler & Machinery	\$23,116,430	06/15/2018	Continental Casualty
Property-Burns Point Dwelling	\$24,000	06/28/2018	Louisiana Citizens
Airport Liability	\$1,000,000	09/29/2020	ACE Property & Casualty Insurance Co.
General Liability	\$3,000,000	12/31/2018	Atlantic Specialty Insurance Company
Auto Liability Coverage	\$1,000,000	12/31/2018	Atlantic Specialty Insurance Company
Public Entity Management Liability Coverage	\$3,000,000	12/31/2018	Atlantic Specialty Insurance Company
Public Entity Employment Practices (Liability Protection Coverage)	\$3,000,000	12/31/2018	Atlantic Specialty Insurance Company
Employee Benefit Plans Administration (Liability Protection Coverage)	\$3,000,000	12/31/2018	Atlantic Specialty Insurance Company

Unaudited

SUPPLEMENTARY INFORMATION REQUIRED BY UNIFORM GUIDANCE

St. Mary Parish Council
 Schedule of Expenditures of Federal Awards
 For the Year Ended December 31, 2017

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR NAME/ PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH IDENTIFYING NUMBER	EXPENDITURES INCURRED
<u>U.S. Department of the Interior</u>			
Bureau of Land Management			
Payment in Lieu of Taxes	15.226		6,880
Office of Fish and Wildlife Services			
Passed through State of Louisiana Department of Wildlife and Fisheries Office of Undersecretary			
Wildlife Restoration and Basic Hunter Education	15.611	US13006901.513	<u>68,491</u>
Total U.S. Department of Interior			<u>75,371</u>
<u>U.S. Department of Housing and Urban Development</u>			
Passed through Louisiana Office of Community Development Disaster Recovery Unit			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	684903	2,558,720
Housing - Federal Housing Commissioner			
Section 8 Housing Choice Vouchers	14.871		<u>400,624</u>
Total U.S. Department of Housing and Urban Development			<u>2,959,344</u>
<u>U.S. Department of Transportation</u>			
Alcohol Impaired Drinking Countermeasures Incentive Grants I	20.601		<u>53,729</u>
Total U.S. Department of Transportation			<u>53,729</u>
<u>U.S. Department of Education</u>			
Office of Special Educational and Rehabilitation Services			
Passed through Louisiana Rehabilitation Services			
Rehabilitation Services Vocational Rehabilitation Grants to States	84.126		<u>7,044</u>
Total U.S. Department of Education			<u>7,044</u>

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR NAME/ PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH IDENTIFYING NUMBER	EXPENDITURES INCURRED
<u>Department of Homeland Security</u>			
Passed through Governor's Office of Homeland Security and Emergency Preparedness			
Hazard Mitigation Grant	97.039	(SEE NOTE 2)	\$ 200,799
Passed through State of Louisiana Office of State Police			
Emergency Management Performance Grants	97.042		28,674
Homeland Security Grant Program	97.067		<u>40,975</u>
Total Department of Homeland Security			<u>270,448</u>
<u>U.S. Department of Health and Human Services</u>			
Passed through Louisiana Supreme Court Drug Court Office			
Temporary Assistance for Needy Families (TANF)	93.558	(SEE NOTE 3)	766,400
Passed through Louisiana Department of Health and Hospitals			
Block Grants for Prevention and Treatment of Substance Abuse	93.959	FTC2000299225	<u>451,494</u>
Total U.S. Department of Health and Human Services			<u>1,217,894</u>
Total Primary Government Federal Financial Assistance			<u>\$ 4,583,830</u>

ST. MARY PARISH COUNCIL

Notes to Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2017

Note 1 - SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards is a summary of activity of the Council's federal award programs presented on the basis of accounting in accordance with generally accepted accounting principles for fund accounting. In 2017, the Council did not charge nor allocate any indirect costs to federal awards.

Note 2 - DEPARTMENT OF HOMELAND SECURITY

The following is a detail of expenditures from the Department of Homeland Security.

Hazard Mitigation Grant (CFDA 97.039)

A portion of the Hazard Mitigation grant is funded 100% by federal funds and a portion is funded 75%. Total expenditures for the current year were \$256,442 of which \$33,871 qualifies for 100% reimbursement and \$222,571 qualifies for 75% reimbursement

<u>Project</u>	<u>Pass-Through Identifying Number</u>	<u>Current Year Expenditure</u>	<u>Qualification % Reimbursement</u>	<u>Qualifying Reimbursement Expenditures</u>
Courthouse Floodproofing Project	F#137 S#245 1603-101-0005	\$33,871	100%	\$33,871
Bayou Vista Drainage	F#210 S#287 1603-101-0012	14,167	75%	10,625
Residential Elevation	F#81 S#95 1786-101-0006	109,000	75%	81,750
Boudreaux/Gilmore Drainage	F#80 S#101 1786-101-0003	33,048	75%	24,786
Pump Station 2 Drainage Improvements	F#109 S#94 1786-101-0005	<u>66,356</u>	75%	<u>49,767</u>
		<u>\$256,442</u>		<u>\$200,799</u>

NOTE 3 – DEPARTMENT OF HEALTH AND HUMAN SERVICES

The following is a detail of expenditures from the Department of Health and Human Services.

Temporary Assistance for Needy Families (CFDA 93.558)

<u>Funds</u>	<u>Pass-Through Identifying Number</u>	<u>Expenditures</u>
16 th Judicial District Drug Court Fund		\$ 167,538
Claire House	CH2000299126	<u>598,862</u>
Total Temporary Assistance for Needy Families		\$ <u>766,400</u>

INTERNAL ACCOUNTING CONTROL AND COMPLIANCE AND OTHER MATTERS



INDEPENDENT AUDITORS' 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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, and the respective budgetary comparisons for the General Fund, Road Construction & Maintenance Fund, and Sanitation Fund of the St. Mary Parish Council (Council), as of and for the year ended December 31, 2017 (for the year ended June 30, 2017 for Fairview Treatment Center and Claire House) and the related notes to the financial statements, which collectively comprise the basic financial statements of the Council's primary government and have issued our report thereon dated June 21, 2018. Our report includes a reference to other auditors who audited the financial statements of Fairview Treatment Center and Claire House, as described in our report on the Council's financial statements. This report includes our consideration of the results of the other auditor's testing of internal control over financial reporting and compliance and other matters that are reported on separately by those other auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Council'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. Accordingly, we do not express an opinion on the effectiveness of the Council'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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. Based upon the findings of another auditor, we did identify a deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2017-001 that we consider to be a material weakness.

Compliance and Other Matters

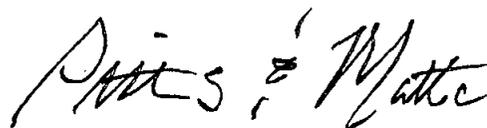
As part of obtaining reasonable assurance about whether the Council's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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 and those of other auditors disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards which are described in the accompanying Schedule of Findings and Questioned Costs as items 2017-002 and 2017-003.

St. Mary Parish Council's Response to Findings

The Council's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Council's response was not subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is considered a public record and may be distributed by the Legislative Auditor.



CERTIFIED PUBLIC ACCOUNTANTS

June 21, 2018
Morgan City, Louisiana



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED
BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

We have audited the St. Mary Parish Council's (Council) compliance with the types of compliance requirements described in OMB Compliance Supplement that could have a direct and material effect on each of the Council's major federal programs for the year ended December 31, 2017. The Council's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

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

We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Council's compliance.

Opinion on Each Major Federal Program

In our opinion, the Council, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2017.

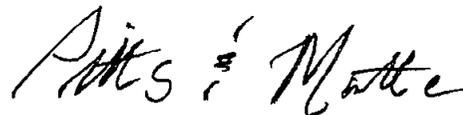
Report on Internal Control Over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is considered a public record and may be distributed by the Legislative Auditor.



CERTIFIED PUBLIC ACCOUNTANTS

June 21, 2018
Morgan City, Louisiana

ST. MARY PARISH COUNCIL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2017

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unmodified opinion on the basic financial statements of the St. Mary Parish Council's primary government.
2. One material weakness was disclosed during the audit of the primary government financial statements that is required to be reported in the Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.
3. Two instances of noncompliance material to the primary government financial statements of the St. Mary Parish Council were disclosed during the audit
4. No findings related to the audit of major federal award programs are reported in the Independent Auditor's Report on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance.
5. The auditors' report on compliance for the major federal award programs for the St. Mary Parish Council expresses an unmodified opinion on all major federal programs.
6. No audit findings relative to the major federal award programs for the St. Mary Parish Council are reported in Part C of this Schedule.
7. The programs tested as major programs include:

Community Development Block Grants/States Program and Non-Entitlement Grants
In Hawaii (CFDA No. 14.228)
Hazard Mitigation Grant (CFDA No. 97.039)
8. The threshold for distinguishing types A and B programs was \$750,000.
9. St. Mary Parish Council was determined to be a low risk auditee.

B. FINDINGS - FINANCIAL STATEMENT AUDIT

INTERNAL CONTROL FINDINGS

MATERIAL WEAKNESS

ITEM NO. 2017-001 Patient Fee Reimbursements at Fairview Treatment Center (Center)

Auditors' Comments

Condition: Proper policies and procedures were not implemented to ascertain that all patients received authorization for treatment prior to admittance. Management also failed to establish procedures to maintain that all patient fees were submitted for reimbursement within the allotted time.

Criteria: Internal control is a process designed to provide reasonable assurance about the achievement of objectives regarding reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.

Effect: The Center incurred a potential loss of approximately \$41,000 in fees which might have been reimbursable.

Cause: The Center either failed to submit request for reimbursement with proper documentation in timely manner or did not get prior authorization considered necessary to be eligible for reimbursement.

Recommendation: We recommend that the Center should not accept patients who have not yet received authorization for treatment. The Center should also implement policies and procedures to assure all requests for reimbursable expenses are submitted in a timely manner.

Management's Response: The Center has now developed and implemented policies and procedures to correct this problem.

NONCOMPLIANCE

ITEM NO. 2017-002 Budget Monitoring

Auditors' Comments

Condition: During the course of the audit for the year ended December 31, 2017, it was noted that a few of the Parish's individual funds needed budget amendments that were not made.

Criteria: State Statute require that budgets be amended when actual revenues are less than budgeted revenues by five percent or more or actual expenditures exceed budgeted expenditures by five percent or more. These conditions are explained in detail below.

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

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

Recommendation: The Council should fine tune its ongoing budget monitoring program to periodically consider accruals for major revenues and expenditures.

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

Auditors' Detailed Comments

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

<u>Funds</u>	<u>Actual Amount</u>	<u>Budgeted Amount</u>	<u>Variance</u>	<u>Percent</u>
General Fund	\$6,041,704	\$6,836,461	\$(794,757)	16.2%
Witness Fee Fund	51,526	60,000	(8,474)	16.4%

Notification was not made and the following budget was not amended although actual expenditures exceeded budgeted expenditures by five percent or more:

<u>Fund</u>	<u>Actual Amount</u>	<u>Budgeted Amount</u>	<u>Variance</u>	<u>Percent</u>
16 th JDC-St. Mary Drug Court	\$679,141	\$642,000	\$37,141	5.8%

Management's Response:

We continually monitor budgeted and actual amounts throughout the year and during the budget amendment process we strive to project amounts as close as possible to anticipated year end results. With the lead time required for ordinance introduction and layover, as prescribed in our Parish Charter, it is sometimes difficult to anticipate revenues and expenditures through year end. We will continually monitor budget variances, especially close to year end, and recommended to the Council when variances exceed the percentages as specified in the State Statute.

ITEM NO. 2017-003 FUND DEFICITS

Auditors' Comments

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

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

Effect: Violation of state statute.

Cause: For the special revenue funds, the Council expended amounts in excess of fund balance, revenues, and other financing sources.

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

The following fund was in violation of state statutes and had a deficit fund balance at year end:

<u>Fund</u>	<u>Deficit Amount</u>
<u>Nonmajor Special Revenue Fund</u> 16 th JDC St. Mary Parish Drug Court	\$(42,279)

Management's Response:

The deficit in the 16th JDC St. Mary Parish Drug Court Fund will be funded by future revenues.

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

NONE

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

Items of Noncompliance

Item No. 2016-001 Budget Monitoring

Condition: During the course of the audit for the year ended December 31, 2016, it was noted that several of the Parish's individual funds needed budget amendments that were not made.

Corrective Action: This has not been corrected.

Item No. 2016-002 Fund Deficits

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

Corrective Action: This has not been corrected.

Internal Control and Compliance Material to Federal Awards

NONE

ST. MARY PARISH GOVERNMENT

DAVID HANAGRIFF, PRESIDENT

FIFTH FLOOR - COURTHOUSE

FRANKLIN, LOUISIANA 70538-6198

June 21, 2018

HENRY "BO" LAGRANGE
CHIEF ADMINISTRATIVE OFFICER

Mr. Daryl G. Purpera, CPA, CFE
Legislative Auditor, State of Louisiana
P.O. Box 94397
Baton Rouge, LA 70804-9397

DIRECTOR OF FINANCE
PAUL J. GOVERNALE, CPA,
CGFO, CGFM

Dear Mr. Purpera:
The St. Mary Parish Government respectfully submits the following corrective action plan relative to findings in the audit for the year ended December 31, 2017:

DIRECTOR OF PERSONNEL
JILLIAN E. FISHER

Findings – Financial Statement Audit
Internal Control – Material Weakness
Item No. 2017-001 Patient Fee Reimbursements at Fairview Treatment Center

DIRECTOR OF PLANNING AND ZONING
TAMMY LUKE

Management's Response:
Fairview Treatment Center has now developed and implemented policies and procedures to correct this issue.

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

Findings – Financial Statement Audit
Noncompliance
Item No. 2017-002 Budget Monitoring

DIRECTOR OF ECONOMIC DEVELOPMENT
FRANK G. FINK

Management's Response:
We continually monitor budgeted and actual amounts throughout the year and during the budget amendment process we strive to project amounts as close as possible to anticipated year end results. With the lead time required for ordinance introduction and layover, as prescribed in our Parish Charter, it is sometimes difficult to anticipate revenues and expenditures through year end. We will continually monitor budget variances, especially close to year end, and recommended to the Council when variances exceed the percentages as specified in the State Statute.

OFFICE OF HOMELAND SECURITY
AND EMERGENCY PREPAREDNESS
DUVAL H. ARTHUR, JR., LEM

FRANKLIN
(337) 828-4100

FAX (337) 828-4092

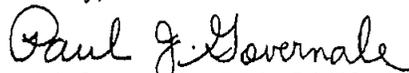
E-mail: admin@stmaryparishla.gov

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

Item 2017-003 Fund Deficit
Management's Response:
The deficit in the 16th JDC St. Mary Parish Drug Court Fund will be funded by future revenues.

Any questions concerning this corrective action plan should be directed to Mr. Paul J. Governale, Director of Finance, or Mr. Henry C. LaGrange, Chief Administrative Officer.

Sincerely,



Paul J. Governale, CPA, CGFO, CGFM
Director of Finance
St. Mary Parish Government

ST. MARY PARISH COUNCIL
PRIMARY GOVERNMENT
ST. MARY PARISH, STATE OF LOUISIANA

**SCHEDULE OF PROCEDURES PERFORMED AND
ASSOCIATED FINDINGS BASED UPON THE
STATEWIDE AGREED-UPON PROCEDURES**

**FOR THE YEAR ENDED
December 31, 2017
WITH
AGREED UPON PROCEDURES REPORT
BY
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

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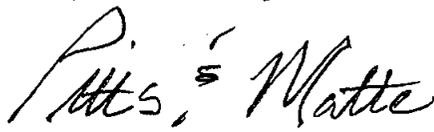
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Chairman and Members
of the St. Mary Parish Council
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated in the attached Schedule of Procedures Performed and Associated Findings Based Upon the Statewide Agreed-Upon Procedures (Schedule), which were agreed to by St. Mary Parish Council (Council) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2017 through December 31, 2017. The Council's management is responsible for those C/C areas identified in the SAUPs presented in the attached Schedule. 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 in the attached Schedule either for the purpose for which this report has been requested or for any other purpose.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. 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 C/C 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 C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report may be distributed by the LLA as a public document.


CERTIFIED PUBLIC ACCOUNTANTS

Morgan City, Louisiana
June 21, 2018

**ST. MARY PARISH COUNCIL
 PRIMARY GOVERNMENT
 ST MARY PARISH, STATE OF LOUISIANA
 Schedule of Procedures Performed and Associated Findings Based upon the
 Statewide Agreed-Upon Procedures
 For the Year Ended December 31, 2017**

Guide to Presentation Format

This report contains these items presented in this order:

Statewide Agreed-Upon Procedures (AUPS) prescribed by the Louisiana Legislative Auditor (LLA),

Procedures performed by the Independent Certified Public Accountant,

Findings based upon the procedures performed, and

Management’s Comments relative to the findings, if applicable.

In order to facilitate understanding this report - the procedures and findings are presented in the following format:

<u>Order of Presentation</u>	<u>Presentation Format</u>
Area or function	Centered all CAPITALS IN BOLD TYPE
Statewide Agreed-Upon Procedures Prescribed (AUPS) by Louisiana Legislative Auditor (LLA)	Regular type highlighted with numbers or letters (if there are multiple parts)
Actual procedures performed by Independent Certified Public Accountant	Denoted as Procedure Performed: (in bold type) followed by procedure in regular type
Finding based upon procedure performed	Denoted as Findings: (in bold type) followed by findings in regular type
Management’s response to findings	Denoted as Management’s Response: (in bold type) followed by <i>managements response in italics</i>

WRITTEN POLICIES AND PROCEDURES

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:

Budgeting

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

Procedure Performed: Obtained from management the "Home Rule Charter" and read the written policy for budgeting.

Findings: Found that the written policy includes the specified functions listed above.

Purchasing

- 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.

Procedure Performed: Inquired of management and obtained management's written confirmation that they do not have written policies and procedures for purchasing.

Findings: The Council does not have any written policies and procedures for purchasing.

Disbursements

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

Procedure Performed: Inquired of management and obtained management's written confirmation that they do not have written policies and procedures for disbursements.

Findings: The Council does not have any written policies and procedures for disbursements.

Receipts

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

Procedure Performed: Inquired of management and obtained management's written confirmation that they do not have written policies and procedures for receipts.

Findings: The Council does not have any written policies and procedures for receipts.

WRITTEN POLICIES AND PROCEDURES (CONTINUED)

Payroll/Personnel

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

Procedure Performed: Obtained from management the "Personnel Policy Manual" and read the written policy for payroll and personnel.

Findings: Found that the written policy includes the specified functions listed above.

Contracting

- 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

Procedure Performed: Obtained from management the "Financial Management Polices" and read the written policy for contracting

Findings: Found that the written policy includes the specified functions listed above.

Credit Cards

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

Procedure Performed: Obtained from management the "Financial Management Polices" and read the written policy for credit cards

Findings: Found that the written policy includes the specified functions listed above.

Travel and expense reimbursement

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

Procedure Performed: Obtained from management the "Personnel Policy Manual" and read the written policy for travel and expense reimbursement.

Findings: Found that the written policy includes the specified functions listed above.

WRITTEN POLICIES AND PROCEDURES (CONTINUED)

Ethics

- 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.

Procedure Performed: Inquired of management and obtained management's written confirmation that they do not have written policies and procedures for ethics.

Findings: The Council does not have any written policies and procedures for ethics.

Debt Service

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

Procedure Performed: Inquired of management and obtained management's written confirmation that they do not have written policies and procedures for debt.

Findings: The Council does not have written policies and procedures for debt.

Management's response:

The Council has policies and procedures in all the areas above.

However, the procedures are not in writing except for the following:

Budgeting

Contracting

Credit Card and,

Payroll/personnel which includes travel and expense reimbursement.

We do plan to put into writing our policies and procedures related to:

Purchasing

Disbursements and,

Receipts

In addition, we will add a section on Ethics to our "Personnel Policy Manual."

BOARD

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

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

Procedure Performed: Obtained and read the board minutes for the fiscal period (January 1, 2017 to December 31, 2017).

Findings: Twenty-four semimonthly Council meetings and one finance committee meeting were scheduled during the fiscal period. The Council met at all twenty-four semimonthly meetings and the one finance committee meeting with a quorum present.

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

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

Procedure Performed: Obtained and read the minutes for the fiscal period.

Findings: Found the minutes did not reference or include monthly budget-to-actual comparisons on any funds.

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

Procedure Performed: Obtained and read the board minutes for the fiscal period.

Findings: The minutes contained non-budgetary financial information (approval of contracts, amendment to agreements, refunding of bonds, renewal of tax millages) for monthly meetings during the fiscal period.

Management's response:

Although monthly budget-to-actual comparisons are not referenced in the minutes, periodic comparisons are reviewed during the budget and budget amendment processes.

BANK RECONCILIATIONS

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

Procedure Performed: Obtained the listing of bank accounts from management, and received management's written representation that the list is complete.

Findings: The listing includes fifteen bank accounts.

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

- a) Bank reconciliations have been prepared;

Procedure Performed: Selected 5 bank accounts out of a total of 15 accounts and requested bank reconciliations and bank statements for each of the 5 accounts for the fiscal year. Obtained and inspected bank statements and bank reconciliations prepared for each month during the fiscal period for only 2 accounts, the Short Term Investment and the Gustav/Ike accounts.

Findings: Bank reconciliations were prepared for all month during the fiscal year for the Short Term Investment and Gustav/Ike accounts.

Bank reconciliation were not prepared during the fiscal year for the following accounts due to low transaction volume:

- Lamp Transfer account, there were 0 transactions for the fiscal period other than monthly interest credits.
- Fisheries Infrastructure account, there were 0 transactions for the fiscal period and 0 monthly interest credits
- Mid-South account, there were 0 transactions for the fiscal period other monthly interest credits.

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

Procedure Performed: Inspected the Short Term Investment and Gustav/Ike bank reconciliations for all months in the fiscal period.

Findings: Found there is no evidence that a member of management (with no involvement in the transactions associated with the bank account) had reviewed each bank reconciliation.

BANK RECONCILIATIONS (CONTINUED)

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

Procedure Performed: Inspected bank reconciliations and documentation for Short Term Investments and Gustav/Ike for the end of the fiscal period. Obtained managements documentation reflecting that it has researched reconciling items outstanding for more than 6 months.

Findings: At the end of the period there was one item in the amount of \$3,450 outstanding for more than 6 months. Management had documentation verifying the item was researched.

Management's response:

In the future, bank reconciliations will be initialed by the preparer and reviewed and initialed by the Director of Finance.

Bank reconciliations for the Lamp Transfer, Fisheries infrastructure, and Mid-South accounts will be prepared for months in which significant transactions occur.

COLLECTIONS

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

Procedure Performed: Obtained the listing of cash/check/money order (cash) collections locations and management's written representation that the listing is complete.

Findings: The Council has 21 cash collection locations.

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

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

Procedure Performed: Selected 7 cash collection locations (one third of 21). Inquired and obtained written confirmation as to all of the requirements listed above for the 7 cash collection location and requested and observed any written documentation (bank reconciliations, deposit slips, insurance policies, and revenue vouchers).

Findings: The Council does not have written documentation in this area other than bank reconciliations, deposit slips, insurance policies, and revenue vouchers.

One out of thirteen individuals responsible for cash collections are bonded.

Nine out of thirteen individuals collecting cash are not responsible for depositing, recording, or reconciling the related transactions.

Each location has one cash drawer that's shared by two or more employees at that location.

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

COLLECTIONS (CONTINUED)

Procedure Performed: Inquired of management and obtained and inspected and compared the written documentation (bank statements, deposit slips, and general ledger).

Findings: The Council has a formal process to reconcile cash collections, however, it is not in writing.

The Council reconciles the cash collections to the general ledger. Twelve out of the thirteen cash reconciliation are done by individuals who are not also responsible for cash collections.

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

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

Procedure Performed: Selected, obtained and inspected the Council's collection documentation (deposit slip images, reconciliations, and bank statements) for the week in which each of the Councils seven collection locations had its largest weekly receipt. Traced daily collections to the deposit date on the corresponding bank statement documenting number of days from receipt to deposit for each day.

Findings: Found that forty- two out of forty- seven deposits were made within one day of receipt. (see charts below)

Location 1

Collection Amount	Collection Date	Deposit Date	# of days from receipt to deposit
\$ 108,846.14	8/7/2017	8/7/2017	0
17,558.77	8/9/2017	8/9/2017	0
56.00	8/10/2017	8/10/2017	0
139,083.25	8/11/2017	8/11/217	0

COLLECTIONS (CONTINUED)

Location 2

Collection Amount	Collection Date	Deposit Date	# of days from receipt to deposit
\$ 75.00	6/18/2017	6/19/2017	1
409.00	6/19/2017	6/22/2017	3
1.00	6/20/2017	6/22/2017	2
1.00	6/21/2017	6/22/2017	1
7,334.50	6/22/2017	6/26/2017	4
5,243.00	6/23/2017	6/26/2017	3
5,393.00	6/24/2017	6/26/2017	2

Location 3

Collection Amount	Collection Date	Deposit Date	# of days from receipt to deposit
\$ 43,110.05	7/17/2017	7/17/2017	0
20.00	7/18/2017	7/18/2017	0
5.00	7/18/2017	7/18/2017	0
379.85	7/19/2017	7/19/2017	0
152.65	7/19/2017	7/19/2017	0
13,436.70	7/20/2017	7/20/2017	0
205,593.61	7/21/2017	7/21/2017	0

Location 4

Collection Amount	Collection Date	Deposit Date	# of days from receipt to deposit
\$ 325.00	9/25/2017	9/25/2017	0
4,500.00	9/28/2017	9/28/2017	0
757.00	9/28/2017	9/28/2017	0

COLLECTIONS (CONTINUED)

Location 5

Collection Amount	Collection Date	Deposit Date	# of days from receipt to deposit
\$ 320.00	9/25/2017	9/25/2017	0
56.00	9/25/2017	9/25/2017	0
225.00	9/26/2017	9/26/2017	0
125.00	9/27/2017	9/27/2017	0
872.00	9/28/2017	9/28/2017	0
108.00	9/28/2017	9/28/2017	0
4,068.00	9/29/2017	9/29/2017	0
2,878.80	9/29/2017	9/29/2017	0
1,023.00	9/29/2017	9/29/2017	0
72.00	9/29/2017	9/29/2017	0

Location 6

Collection Amount	Collection Date	Deposit Date	# of days from receipt to deposit
\$ 5,968.66	4/24/2017	4/24/2017	0
12,826.67	4/24/2017	4/24/2017	0
61,215.00	4/24/2017	4/24/2017	0
15,273.30	4/26/2017	4/26/2017	0
4,231.08	4/26/2017	4/26/2017	0
197,146.13	4/27/2017	4/27/2017	0
2,375.95	4/27/2017	4/27/2017	0
216.00	4/27/2017	4/27/2017	0
2,119,380.90	4/27/2017	4/27/2017	0
689.25	4/27/2017	4/27/2017	0
4,057.89	4/27/2017	4/27/2017	0
208.76	4/28/2017	4/28/2017	0
13,510.42	4/28/2017	4/28/2017	0
60.00	4/28/2017	4/28/2017	0
10,780.00	4/28/2017	4/28/2017	0

COLLECTIONS (CONTINUED)

Location 7

Collection Amount	Collection Date	Deposit Date	# of days from receipt to deposit
\$ 2,500.00	10/10/2017	10/10/2017	0

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

Procedure Performed: Observed and compared Revenue Vouchers, bank deposit slips, bank statements, and general ledger postings for the items selected in 6(c).

Findings: All collections recorded in the general ledger are in agreement with and are supported by documentation (Revenue Vouchers, bank deposit slips, bank statements)

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

Procedure Performed: Inquired of management and obtained management's written confirmation that they do have a process to determine the completeness of all collections, however in is not in writing and it not by a person who is not responsible for collections. We inspected revenue vouchers, bank deposit slips, bank statements, and General Ledger

Findings: The Council does have a process to determine completeness of collections, however it was not in writing and it is not done by a person who is not responsible for collections.

Management's response:

We will put our policies and procedures in this area in writing.

We will obtain a policy for all individuals handing cash collections.

Deposit will be made on the banking day subsequent to the day of receipt.

DISBURSEMENTS – GENERAL (EXCLUDING CREDIT CARD/DEBIT CARD/FUEL CARD/P-CARD PURCHASES OR PAYMENTS):

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

Procedure Performed: Obtained the listing of disbursements and received management's written representation that the listing was complete.

Findings: The listing contained 5,327 items including voids which totaled \$24,886,009.

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

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

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

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

Procedure Performed: Randomly selected 25 disbursements from the list provided in #8 (excluding voids) and obtained supporting documentation (purchase orders receiving reports, disbursement vouchers, witness subpoenas and approved vendor invoices, [also used to evidence receipt of goods] and check images). Inspected supporting documents for the twenty-five items selected.

Findings: The Council's disbursements are generally of two types: those that require the use of a purchase order to initiate, and those that do not (payments on contracts, utilities, etc.)

Of the twenty-five disbursements in the sample, sixteen are of the type that require purchase orders and nine of the type that would not.

a) Sixteen out of sixteen disbursements that would require purchase orders were initiated using a purchase order system, one was not.

b) Sixteen of the sixteen disbursements that would require orders were approved by a person who did not initiate the purchase.

DISBURSEMENTS – (CONTINUED)

c) Of the twenty-five disbursements nine did not require the use of a purchase order, therefore, payments for these purchases were made without an approved purchase order. Of the remaining sixteen disbursements sixteen were processed with purchase order, a receiving report and an approved invoice.

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

Procedure Performed: Obtained management's written confirmation that the Council does not have written documentation stating the persons responsible for processing payments are prohibited from adding vendors to the Council's purchasing/disbursement system.

Findings: The Council does not have documentation prohibiting the person responsible for processing payments from adding vendors to the Council's purchasing /disbursement system.

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

Procedure Performed: Inquired of management and obtained management's written confirmation that they do not have written documentation in this area. Also see procedure performed in #9 above.

Findings: There is no written documentation in this area. Based on procedures in #9 above, we found that the person that makes the final authorization of purchases has no responsibility for initiating or recording the purchase.

In addition, all checks require two signatures one is the Director of Finance or Chief Administrative Officer and the second is an elected official who has no responsibility for initiating or recording purchases.

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

DISBURSEMENTS – (CONTINUED)

Procedure Performed: Inquired of management and observed that all supplies of unused checks are maintained in a locked location.

Findings: Found the supply of unused checks are maintained in a locked location. The Director of Finance has access to the checks. The Director of Finance also has signature authority however, checks require two signatures and the second check signer does not have system access to the checks.

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

Procedure Performed: Inquired of the Director of Finance and obtained written confirmation that his signature is maintained under his control or is used only with his knowledge and consent and that signed checks are maintained under his control until mailed.

Findings: Electronic signatures access are maintained under the control of the Director of Finance and is only used with his knowledge and consent and that signed checks are maintained under his control until mailed.

Based on procedures performed at #9, an electronic signature is used for checks less than \$2,500 with two signatures. Checks above \$2,500 require two manual signatures by the checks signers.

Management's response:

As noted above, we will put our policies and procedures in this area in writing.

The policies and procedures will require persons responsible for processing payments to obtain system access approval from the Director of Finance or Chief Administrative Officer prior to adding vendors to the system.

CREDIT CARDS/DEBIT CARDS/FUEL CARDS/P-CARDS

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

Procedure Performed: We requested a listing of all active credit cards, bank debit cards, fuel cards and P-cards and related information and obtained management's written confirmation that the do list was complete.

Findings: The listing contained 52 cards; 1 active credit card and 51 active fuel cards.

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

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

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.
- b) Report whether finance charges and/or late fees were assessed on the selected statements.

Procedure Performed: We randomly selected 10 cards from the list obtained in #14 above that were used during the fiscal period (1 credit card and 9 fuel cards) and obtained monthly statements for all cards selected. We selected and obtained the monthly statement with the largest dollar activity for each card in the sample and observed evidence that the monthly statements and supporting documentation (original itemized receipts) was reviewed and approved in writing by someone other than the authorized card holder. Observed the selected monthly statements selected to determine whether finance charges and/or late fees were assessed on the selected statements.

Findings: All 10 cards and supporting documentation selected were reviewed and approved by a supervisor.

Found that no finance charges or late fees were assessed.

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

CREDIT CARDS/DEBIT CARDS/FUEL CARDS/P-CARDS (CONTINUED)

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

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

Procedure Performed: Compared each transition in the sample as shown on the applicable monthly billing statement to the original supporting itemized receipt.

Findings: Found that all 72 transactions totaling \$11,949.85 (35 credit transaction totaling \$10,754.09 and 37 fuel card transactions totaling \$1,195.76) were supported by an original itemized receipt.

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

Procedure Performed: Obtained and inspected documentation, which is printed on the individual receipt, of the business/public purpose.

Findings: Found that all 35 credit card transaction were supported by documentation of the business/public purpose. Business/public purpose is not applicable to fuel cards as they are only used to purchase fuel.

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

Not applicable the Council does not require any other documentation.

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

Procedure Performed: Inquired of management and obtained written confirmation that the Council does not have written purchasing/disbursement policies. Obtained and read the "Financial Management Polices" as it relates to credit cards. We compared the nature of the purchase, amount, and supporting documents at #15a as it relates to credit cards. Read and compared the transaction detail to the Louisiana Public Bid Law.

Findings: There were no purchases requiring solicitation of bids or quotes therefore, the Louisiana Public bid Law is not applicable to the credit card and fuel card transaction selected.

For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exception.

Procedure Performed: Read Article 7, Section 14 of the Louisiana Constitution and compared it's prohibited transactions to the transactions selected for testing above

Findings: Found that none of the transactions in the test were prohibited.

Management's Response:

No comment

TRAVEL AND EXPENSE REIMBURSEMENT

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

Procedure Performed: Obtained a listing of all travel and related expense reimbursements, by person, during the fiscal period. Obtained management's written representation that the listing is complete.

Findings: We found the list reported reimbursements to seventy-one individuals for a total of \$50,011.68 for travel and expense reimbursements for the fiscal period.

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

Procedure Performed: We obtained and read the Council's "Personnel Policy Manual" related to travel and expense reimbursements. We observed the per diem and mileage rates established by the U.S. General Services Administration by accessing the information on their website.

Findings: Found that the Council's policy allows mileage reimbursement at rates equal to the IRS optional mileage allowance or State law neither of which exceeds the GSA rates. The Council does not pay per diem.

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

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

Procedure Performed: We selected the two employees and one elected official from the list at #17 who incurred the most travel cost during the fiscal period and obtained the related documentation (Travel Expense Reports) and compared it to the written policy obtained at #18.

Findings: The expenses were for mileage, lodging, airfare, taxi, and parking. The reimbursements were paid according to the Council's written policies.

TRAVEL AND EXPENSE REIMBURSEMENT (CONTINUED)

b) Report whether each expense is supported by:

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

Procedure Performed: Traced each expense to the original itemized receipt that identifies precisely what was purchased.

Findings: Found that the reimbursed expenses were supported by itemized receipts.

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

Procedure Performed: Observed original itemized receipts.

Findings: The original itemized receipt documented the business purpose

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

Procedure Performed: Read the Council's written travel and expense reimbursement policy obtained in step #18, to determine any other documentation requirements, and compared the requirement to the original receipt. Traced each expense to the original itemized receipt.

Findings: The written policy requires the supervisors' approval of employee travel. Found that the original receipts contained this approval.

c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse).

Procedure Performed: Read Article 7, Sections 14 of the Louisiana Constitution and compared it's prohibited transactions to the transactions selected for testing above.

Findings: Found that none of the transactions in the test were prohibited.

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

Procedure Performed: Inspected all transactions selected for testing for documentation for review and approval in writing other than by the person receiving the reimbursement

Findings: Found that all transactions were approved by a person not receiving reimbursement.

Management's response:

No comment

CONTRACTS

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

Procedure Performed: Obtained a listing of all contracts in effect during the fiscal period, and management's written confirmation that the listing was complete.

Findings: Found the list contained 47 contracts (excluding our firm).

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

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.
- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:
 - If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)
 - If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.
- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.
- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.
- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

Procedure Performed: We selected five contracts from the listing at #20 and obtained and read the board minutes and the related formal/ written contracts, paid invoices, newspaper advertisements, and bid documents. We read the Louisiana Public Bid Law and Procurement Code.

We selected the largest payment under each contract and obtained and compared the supporting invoices and related payment under the contract to determine compliance with terms and conditions of the contract.

CONTRACTS (CONTINUED)

Findings:

- a) Of the five contracts, three are capital construction contracts and two are service agreements. All five contracts have written contracts which support the service arrangements and amounts paid.

- b) None of the five contracts are subject to the Louisiana Public Bid Law or Procurement code in the current year. The construction contracts were subject to the Louisiana Public Bid Law but were entered into in previous years. The remaining two contracts are service contracts and are not subject to the Louisiana Public Bid Law

None of the five contracts were initiated in the current year.

- c) Four of the five contracts selected were amended during the fiscal year. The original contracts terms provided for the following amendments:
 - Construction contract 1 was subject to a change order which increased the original contract price from \$2,928,013 to \$2,976,640.
 - Construction contract 2 was subject to 3 change orders which increased the original contract price from \$742,530 to \$761,141.
 - Construction contract 3 was amended 6 times in total. One amendment increased the original contract price from \$1,859,572 to \$1,860,892. The remaining 5 amendments were results of request for extension of time to complete due to inclement weather.
 - Service contract 1 was amended during the fiscal year with a rate change from \$69,610/month to \$66,972/month.

- d) For the largest payment made under each of the five contracts during the fiscal period we found that invoices or payment schedules and related payments agreed with the terms and conditions of the related written contracts

- e) Found documentation of board approval of all contracts in the minutes.

Management's response:

No comment

PAYROLL AND PERSONNEL

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

Procedure Performed: We obtained a listing of employees with their related salaries and obtain management's written representation that the listing is complete.

Findings: The listing contained 318 employees and elected officials with their total salaries of \$6,614,997.

Randomly select five employees/officials, obtain their personnel files, and:

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

Procedure Performed: Randomly selected 5 employees/officials from the above listing, obtained and inspected their personnel files and the Council's "Personnel Policy Manual". We inspected the Employee Earnings Report and board minutes for the fiscal period for each employee selected and compared to authorized pay rates.

Findings: Found that there are no employee contracts, however, payments were made in accordance with the employment pay rate structure.

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

Procedure Performed: Obtained and inspected the Hours Analysis Report and Notice of Rate Change Form, if applicable for individuals selected at #22a for changes made to hourly pay rates/salaries during the fiscal period.

Findings: Found Notice of Rate Change Form contained approval of pay raise, if applicable, which agreed with changes made to hourly pay rates/salaries during the fiscal period.

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

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

Procedure Performed: Obtained attendance and leave records (Time Cards, Paid Time Off Log, and Pay check stubs) and randomly selected one pay period in which leave had been taken by at least one employee within that pay period and randomly selected 25 employees.

PAYROLL AND PERSONNEL (CONTINUED)

We inspected daily attendance and leave records from the Time Cards, Paid Time Off Log, Paycheck stubs for that period for proper documentation for the 25 employees selected.

Findings: Found daily attendance and leave was properly documented by all 18 employees the remaining 7 are elected officials and they do not earn leave and are not required to document their attendance.

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

Procedure Performed: Observed supervisors' approval of attendance and leave.

Findings: Found that all attendance was approved electronically by a supervisor and all leave was approved in writing by a supervisor for all employees.

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

Procedure Performed: Inquired of management and obtained written documentation of daily attendance and leave records on those selected employees that earn leave.

Findings: Found the employees Time Cards, Paid Time off Log, and Paycheck stubs contained written documentation of daily attendance and leave for all 18 employees the remaining 7 are elected officials and they do not earn leave

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

Procedure Performed: Obtained from management a list of employees that terminated during the fiscal period and management's written confirmation that the list was complete. Selected the two employees that were paid the largest termination payments during the fiscal period and obtained their final pay stub and personnel files.

Findings: There were 70 terminations during the fiscal period totaling \$92,119. The two employees with the highest termination payments totaled \$66,005. Payments to those two individuals were made in accordance with the Council's policies and approved by management.

PAYROLL AND PERSONNEL (CONTINUED)

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

Procedure Performed: Obtained all payroll and retirement forms relating to payroll taxes and retirement contributions for the fiscal period and compared the actual filing or payment date to applicable deadlines for filing.

Findings: Found that all retirement forms and contributions as well as all payroll tax forms and payments were submitted by the required deadline.

Management's response:

No comments.

ETHICS

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

Procedure Performed: Inquired of management, obtained and inspected ethics compliance certificates from management for employees from #22.

Findings: Found that the Council maintained required ethics training documentation for 2 out of 5 employees.

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

Procedure Performed: Inquired of management and obtained management's written confirmation that no alleged ethics violations were reported during the fiscal period.

Findings: Found that no alleged ethics violation were reported during the fiscal period.

Management's response:

We will require that employees that do not have the required training obtain it as soon as possible.

Two of the three employees that did not have the required ethics training documentation received the required training subsequent to fiscal year end. The other employee that did not have the required training is no longer employed with the Council.

DEBT SERVICE

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

Procedure Performed: Obtained and read Debt Covenants, Certificate from State Bond Commission, and board minutes for new debt issued during the fiscal period.

Findings: Found that new debt was issued during the fiscal period and the debt was approved by the State Bond Commission of Louisiana.

29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

Procedure Performed: Obtained, read, and compared debt service schedules, debt covenants, and debt repayment schedules related to leases and EFT payment documentation for the fiscal period.

Findings: Found that the Council made scheduled debt service payments and lease payments as required. The Council also maintained debt reserves as required by debt covenants.

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

Procedure Performed: Obtained a confirmation of the amount of advalorem taxes paid to the district during the fiscal period from the St. Mary Parish Sheriff Office and compared the amount to the amount of debt service payments determined in #29 above.

Findings: The amount received for advalorem tax does not exceed the amount of debt service payments for the fiscal year.

Management's response:

No comment

OTHER

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

Procedure Performed: Inquired of management and obtained management's written confirmation that the Council had no misappropriation of public funds or assets during the fiscal period.

Findings: Found that the Council had no misappropriation of public funds or assets during the fiscal period.

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

Procedure Performed: Observed that the Council had posted on its premises and website the notice required by R.S. 24:523.1.

Findings: Found that the Council posted the above mentioned notice as required on both its premises and website.

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

Procedure Performed: Compared managements' representations for all procedures, with the results of such procedures.

Findings: Found no exceptions regarding management's representations in the procedures and findings above.

Management's response:

No comment.