



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

Re: Reissuance of St. Mary Parish Council (Council) primary government and reporting entity financial statements for year ended December 31, 2018.

Dear Mr. Purpera:

The Council is reissuing its primary government and reporting entity financial statements for 2018 with our updated auditor's report dated September 6, 2019. The original financial statements were issued on June 28, 2019 with our report dated June 27, 2019.

Subsequent to the issuance of the original financial statements it was discussed that the activity of a partially federally funded grant (\$694,921 in federal grant revenue and the related \$694,921 in grant expenditures) was omitted from those financial statements,

The Council notified third party recipients of the financial statement recall on August 13, 2019. The original financial statement were reissued on September 27, 2019.

Attached is a listing of changes by page number (pages with minor changes such as page numbers, note numbers, item numbers or date changes, are not included in the list)

Sorry for any inconvenience this has caused you.

Respectfully submitted

A handwritten signature in blue ink, appearing to read 'Guy Pitts', is placed above the printed name.

Guy Pitts

Enclosure

St. Mary Parish Council
Listing of Changes and Related Page Numbers on
2018 Reissued Financial Statements

Page Numbers		
Primary Government Report	Reporting Entity Reporting	Changes
3	3	Add Emphasis of Matter Paragraph on Reissuance of Financial Statements.
6	N/A	MD&A added paragraph on reissuance of financial statements.
17	6 & 7	Change amounts due from other governments, contracts payable, and retainage payable in Statement of Net Position.
18	8	Change amounts in expenses and capital grants and contributions in Statement of Activities.
19	10	Change amounts in capital improvements fund for due from other governments, contracts payable, and retainage payable.
21	12	Change amounts in capital improvements fund for grants and capital outlay.
75	122	Add Note 23 (25 for Reporting Entity) Reissuance of Financial Statements.
113 & 114	184 & 185	Modify SEFA to include the grant activity & related total page changes.
115	186	Add Note 4 to Notes to SEFA related to their grant.
117	188	Add reference in first paragraph of Internal Control and Compliance Report on reissuing of financial statements.
118	189	Add reference to an additional Material Weakness in Internal Controls

Page Numbers		
Primary Government Report	Reporting Entity Reporting	Changes
120	191	Add Emphasis of Matter paragraph and Other Matters paragraph to Major Program Report.
121	192	Added reference to two internal control material weakness related to grant compliance.
122	193	Made changes to items 2,4,6 related to the new findings in Summary of Audit Results.
124	195	Added Finding 2018-002 <u>Failure to Record Grant Activity in Financial Statements</u> .
128 & 129	199 & 200	Added Finding 2018-005 <u>Period of Performance</u> .
130 & 131	201 & 202	Added Finding 2018-006 <u>Allowable Cost/Cost Principles (Failure to Record Grant Activity in Financial Statements)</u> .
133 & 134	N/A	Updated Management's Response Letter to include new findings.
N/A	210 & 211	Updated Management Corrective Action Plan to include new findings.

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, 2018**

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, 2018, 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, 2018, 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 .7 percent, .8 percent, and 10.7 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.

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, 2018, 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, 2018, 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.

Emphasis of Matters

Primary Government Financial Statements Only

As discussed in Note 1, the financial statements referred to above include only the primary government of the St. Mary Parish Council, which consists of all funds, organizations, institutions, agencies, departments, and offices that comprise the Council's legal entity. These primary government financial statements do not include financial data for the Council's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial data of the Council's primary government. As a result, these primary government financial statements do not purport to, and do not, present fairly the financial position of the reporting entity of the St. Mary Parish Council as of December 31, 2018, the changes in its financial position, or where applicable, its cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the reporting entity of the St. Mary Parish Council as of and for the year ended December 31, 2018, and our report thereon, dated September 6, 2019 expressed an unmodified opinion on those financial statements.

Implementation of New Accounting Standard

As described in Notes 1-P and 2 to the financial statements the Council has implemented the provisions of Governmental Accounting Standards Board Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. Our opinion is not modified with respect to this matter.

Correction of Error

As described in Note 2 to the financial statements, the prior financial statements have been restated to correct an error. Our opinion is not modified with respect to this matter.

Reissuance of Financial Statements

As described in Note 23 to the financial statements, management has restated and reissued the Council's financial statements for the year ended December 31, 2018. Our opinion is not modified with respect to this matter.

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 Changes in the Council's Total OPEB Liability and Related Ratios, 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 September 6, 2019, 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

September 6, 2019
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.

As described in Note 23 to the financial statements, management has restated and reissued the Council's financial statements for the year ended December 31, 2018. The auditor's opinion is not modified with respect to this matter.

FINANCIAL HIGHLIGHTS

Key financial highlights for the year ending December 31, 2018 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, 2018 by approximately \$100 million (*net position*).
- The Council's total net position decreased by approximately \$12 million during 2018. Governmental activities net position decreased by approximately \$10.2 million during 2018, while the business-type activities net position decreased by approximately \$1.8 million.
- As of the close of the fiscal year, the Council's governmental funds reported combined ending fund balances of approximately \$18 million. Approximately \$3.3 million is available for spending at the Council's discretion. (unrestricted fund balance).
- At December 31, 2018, fund balance for the General Fund, the Council's primary operating fund, was approximately \$2.3 million. \$1.7 million is nonspendable for the non-current portion of receivables. The remaining \$650,000 is unassigned.
- In 2018, the Council issued \$10 million of Limited Tax Revenue Bonds to improve roads, streets and bridges, including drainage throughout the Parish.
- Major asset additions include a bulldozer, dump truck, and various pieces of grass cutting equipment.

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 not.

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 30-75.

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 2018, with comparative amounts from 2017:

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Assets:						
Current and other assets						
(other than internal balances)	\$ 25,004,582	\$ 20,341,537	\$ 2,938,226	\$ 2,298,997	\$ 27,942,808	\$ 22,640,534
Restricted assets	-	-	2,263,917	2,681,259	2,263,917	2,681,259
Internal balances	(5,166,929)	(6,278,987)	5,166,929	6,278,987	-	-
Capital assets, net	<u>105,519,525</u>	<u>106,563,253</u>	<u>23,126,746</u>	<u>22,547,950</u>	<u>128,646,271</u>	<u>129,111,203</u>
Total assets	125,357,178	120,625,803	33,495,818	33,807,193	158,852,996	154,432,996
Deferred outflows of resources	<u>1,253,537</u>	<u>2,175,986</u>	<u>1,067,389</u>	<u>1,382,806</u>	<u>2,320,926</u>	<u>3,558,792</u>
Total assets and deferred outflows of resources	<u>126,610,715</u>	<u>122,801,789</u>	<u>34,563,207</u>	<u>35,189,999</u>	<u>161,173,922</u>	<u>157,991,788</u>
Liabilities:						
Current Liabilities						
(other than internal balances)	4,092,454	3,212,511	1,172,079	1,041,721	5,264,533	4,254,232
Long-term liabilities	<u>35,092,797</u>	<u>24,397,064</u>	<u>17,433,135</u>	<u>17,085,207</u>	<u>52,525,932</u>	<u>41,482,271</u>
Total liabilities	<u>39,185,251</u>	<u>27,609,575</u>	<u>18,605,214</u>	<u>18,126,928</u>	<u>57,790,465</u>	<u>45,736,503</u>
Deferred inflows of resources	<u>2,997,459</u>	<u>483,380</u>	<u>718,572</u>	<u>74,289</u>	<u>3,716,031</u>	<u>557,669</u>
Net position:						
Net investment in capital assets	81,998,593	91,909,269	12,657,631	11,363,826	94,656,224	103,273,095
Restricted	10,739,708	5,220,056	2,351,803	2,307,759	13,091,511	7,527,815
Unrestricted	<u>(8,310,296)</u>	<u>(2,420,491)</u>	<u>229,987</u>	<u>3,317,197</u>	<u>(8,080,309)</u>	<u>896,706</u>
Total net position	<u>\$ 84,428,005</u>	<u>\$ 94,708,834</u>	<u>\$ 15,239,421</u>	<u>\$ 16,988,782</u>	<u>\$ 99,667,426</u>	<u>\$ 111,697,616</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 \$100 million as of December 31, 2018; this is a decrease of \$12 million from 2017. 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 (95%) or approximately \$95 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 (13%) or \$13 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 \$5.5 million. In 2018, GASB No. 75 related to the treatment of Postemployment Benefits Other Than Pensions (OPEB) was implemented which resulted in a prior period adjustment and an overall decrease in net position of \$6.7 million. Governmental Funds decreased by \$5.1 million and Business Type Funds decreased by \$1.6 million.

As of December 31, 2018, the Council was able to report positive balances in two of the three categories of net position for the government as a whole. There was however, a deficit in unrestricted net assets in the governmental activities for December 31, 2018, which was caused by a prior period adjustment related to the implementation of new GASB rulings on recording of pension (OPEB) obligations. This deficit increased by approximately \$5.8 million in 2018.

Governmental Activities: Governmental activities decreased net position by approximately \$10.3 million. Increases in public works expenses and the prior period adjustment related to OPEB expenses were the main factors for the 2018 decrease.

Business-type Activities: Net position from business-type activities decreased by \$1.7 million or approximately 10.3%. Revenues slightly increased overall and expenses slightly decreased in 2018.

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, 2018 with comparative totals for the year ended December 31, 2017.

The Council's total operating revenues for the year ended December 31, 2018 were approximately \$32.7 million and the total cost of all programs and services was \$38.8 million. Net position decreased by \$6.1 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 \$10.3 million in 2018. The cost of all governmental activities this year was \$33.2 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 \$14.6 million. The amount in revenues that was paid by those who directly benefited from the programs was \$2.6 million and \$11 million was funding received from other governments and organizations by means of grants and contributions. Interest received on investments amounted to approximately \$283,000.

Program revenues, which amounted to approximately \$13.6 million covered approximately 41% 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	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program Revenue:						
Charges for services	\$ 2,589,337	\$ 2,664,124	\$ 3,944,895	\$ 3,678,494	\$ 6,534,232	\$ 6,342,618
Operating grants and contributions	5,895,649	6,647,256	30,978	32,967	5,926,627	6,680,223
Capital grants and contributions	5,769,495	5,010,112	-	-	5,769,495	5,010,112
General Revenues:						
Sales and use taxes	5,809,454	5,513,463	-	-	5,809,454	5,513,463
Ad valorem taxes	3,457,733	3,220,585	-	-	3,457,733	3,220,585
Severance taxes	1,037,177	1,004,271	-	-	1,037,177	1,004,271
Other taxes, penalties and interest	129,887	87,151	-	-	129,887	87,151
Royalty road funds	3,726,091	4,044,286	-	-	3,726,091	4,044,286
State shared revenues	440,240	481,441	-	-	440,240	481,441
Investment income	283,382	164,047	136,290	53,660	419,672	217,707
Nonemployer pension contributions	53,843	58,360	14,422	14,866	68,265	73,226
Total revenues	29,192,288	28,895,096	4,126,585	3,779,987	33,318,873	32,675,083
Expenses:						
General government	6,340,937	7,590,550	-	-	6,340,937	7,590,550
Public safety	4,443,997	4,422,701	-	-	4,443,997	4,422,701
Public works	12,057,495	9,496,237	-	-	12,057,495	9,496,237
Sanitation	2,093,252	1,876,268	-	-	2,093,252	1,876,268
Culture & recreation	2,406,350	2,273,476	-	-	2,406,350	2,273,476
Health & Welfare	5,277,895	4,834,455	-	-	5,277,895	4,834,455
Urban redevelopment & housing	389,719	400,624	-	-	389,719	400,624
Economic development & assistance	270,194	263,072	-	-	270,194	263,072
Interest and fees on long-term debt	579,840	482,429	-	-	579,840	482,429
Solid Waste Landfill	-	-	4,604,103	4,669,251	4,604,103	4,669,251
Small Animal Control	-	-	433,372	415,188	433,372	415,188
Kemper Williams Park	-	-	552,804	721,151	552,804	721,151
Total expenses	33,859,679	31,639,812	5,590,279	5,805,590	39,449,958	37,445,402
Increase (decrease) in net position before special items and transfers	(4,667,391)	(2,744,716)	(1,463,694)	(2,025,603)	(6,131,085)	(4,770,319)
Transfers	(1,305,000)	(1,271,000)	1,305,000	1,271,000	-	-
Special Items:						
Transfer - Hosp. Serv. Dist. No. 3	823,913	-	-	-	823,913	-
Transfer - Fire Prot. Dist. No. 7	64,862	-	-	-	64,862	-
Increase (decrease) in net position	(5,083,616)	(4,015,716)	(158,694)	(754,603)	(5,242,310)	(4,770,319)
Net position - beginning	94,708,834	98,974,550	16,988,782	17,743,385	111,697,616	116,717,935
Prior period adjustment	(5,197,213)	(250,000)	(1,590,667)	-	(6,787,880)	(250,000)
Net position - beginning (as adjusted)	89,511,621	98,724,550	15,398,115	17,743,385	104,909,736	116,467,935
Net position - ending	\$ 84,428,005	\$ 94,708,834	\$ 15,239,421	\$ 16,988,782	\$ 99,667,426	\$111,697,616

As mentioned previously, the Council's total net position decreased by \$12 million during the current year. *Governmental activities* net position decreased by \$10.3 million. Some factors affecting the change in net position for governmental activities were:

1. The main reason for the decrease was the prior period adjustment of \$5.2 million related to the implementation of a new GASB statement related to treatment of Postemployment Benefits Other Than Pensions (OPEB).
2. Operating expenditures increased by approximately \$2.2 million or 7%. The main part of this increase is due to an increase in public works of \$1.9 million. This was due mainly to expenses for road improvements as a result of the issuance of \$10 million of Road bonds during the year.

Business-type activities net position decreased by approximately \$1.7 million in 2018.

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 Small Animal Control fund had decreases in net position. The Kemper Williams Park fund had an increase in net position. The net effect, after transfers and the prior period adjustment related to OPEB was an overall decrease in net position of approximately \$159,000 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 pages 34-35.

As of the end of the current year, the Council's governmental funds reported combined ending fund balances of approximately \$17.7 million, an increase of \$5.3 million in comparison to the prior year. At the end of 2018, approximately 50% or \$8.8 million of this total amount constitutes assigned fund balance. \$3.5 million, or 19.6%, is restricted for specific uses. \$2.1 million is considered non spendable for non-current receivables. The remaining \$3.3 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 \$2.3 million. \$1.7 million is non spendable for non-current portion of receivables. The remaining \$644,000 is unassigned. Compared with total fund balance of approximately \$2.2 million at the end of 2017, fund balance decreased by \$176,000 during 2018.

Fund balance in the Road Construction and Maintenance Fund decreased by approximately \$120,000 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 \$15.2 million, a decrease of \$160,000 from operations and a decrease of \$1.6 million related to a prior period adjustment related to OPEB expenses.

The Reduction and Transfer fund had a decrease in net position of approximately \$920,000 in 2018. \$80,000 was as a result of operations and \$840,000 was due to the OPEB adjustment. The Small Animal Control fund had a decrease in net position of approximately \$465,000 in 2018, a decrease from operations of approximately \$123,000 and a decrease of \$342,000 due to the OPEB adjustment. The Kemper Williams Park fund had a decrease in net position of approximately \$365,000 in 2018. There was an increase from operations of \$44,000 and a decrease due to the OPEB adjustment of \$409,000.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Council made revisions to the original appropriations which resulted in the final amended budget for 2018. 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 \$117,000. 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.

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, 2018 amounts to \$128 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	
	2018	2017	2018	2017	2018	2017
Land	\$ 1,919,874	\$ 1,870,876	\$ 2,052,372	\$ 2,052,372	\$ 3,972,246	\$ 3,923,248
Land improvements	-	-	1,750,227	1,750,227	1,750,227	1,750,227
Construction in progress	9,447,979	6,897,344	44,288	109,658	9,492,267	7,007,002
Infrastructure	66,928,902	70,070,144	-	-	66,928,902	70,070,144
Buildings	8,489,854	8,631,562	1,064,783	1,126,722	9,554,637	9,758,284
Equipment and furniture Improvements	2,971,334	2,704,552	2,269,557	2,022,474	5,240,891	4,727,026
	15,224,026	16,388,775	15,801,531	15,486,497	31,025,557	31,875,272
Totals	<u>\$ 104,981,969</u>	<u>\$ 106,563,253</u>	<u>\$ 22,982,758</u>	<u>\$ 22,547,950</u>	<u>\$ 127,964,727</u>	<u>\$ 129,111,203</u>

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

- Courthouse Renovations -- \$2 million
- Glencoe Water System -- \$648,000
- Burns Point Improvements -- \$239,000
- Bayou Vista Road Improvements -- \$224,000

Long-term Debt: The table below reflects the Council’s long-term debt at December 31, 2018 with comparative figures from 2017. Governmental activities account for 69% of the total debt at December 31, 2018.

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
General obligation debt	\$ 7,603,000	\$ 8,086,000	-	-	\$ 7,603,000	\$ 8,086,000
Revenue bonds	15,020,000	6,100,000	-	-	15,020,000	6,100,000
Bonds payable	-	-	\$ 9,780,000	\$ 10,575,000	9,780,000	10,575,000
Original issue premium	33,376	39,376	545,124	609,124	578,500	648,500
Compensated absences	242,000	230,000	-	-	242,000	230,000
Total	<u>\$ 22,898,376</u>	<u>\$ 14,455,376</u>	<u>\$ 10,325,124</u>	<u>\$ 11,184,124</u>	<u>\$ 33,223,500</u>	<u>\$ 25,639,500</u>

Business-type long-term debt is responsible for \$10.3 million or 31% 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 increase of approximately \$7.6 million during the current fiscal year. This is mainly due to the issuance of \$10 million of Road Improvement Bonds during the year. Additional information concerning the Council’s long-term debt can be obtained from Note 12 on pages 55-59 of this report.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES

In the fiscal year 2019 budget, ad valorem revenues are budgeted at approximately the same amount as the 2018 budgeted revenues. These revenues reflect 45% of general fund budgeted revenues and combined with transfers in, provide 55% 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 and 2018 collections were equal to 2016 and collections are expected to remain the same in 2019. 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 2018. The 2018 royalty road revenues decreased approximately 8% 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 2019 Royalty Road Revenues will be the same as 2018, 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 2019 and revenues are budgeted similar to 2018.

These 2019 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 2018, 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 issued 20 year, \$10 million Road Improvement Revenue Bonds for overlay, reconstruction and improvements to parish roads. A portion of the bonds, \$2.5 million has been allocated to the five municipalities for road improvements in its respective jurisdictions. These improvement projects began in the latter part of 2018 and are anticipated to be completed in 2019. It is anticipated that in 2019, the Parish Council will issue an additional 20 year, \$10 million Road Improvement Revenue Bonds for overlay, reconstruction and improvements to more parish roads. A portion of these bonds, \$3 million, will be allocated to the five municipalities for road improvements in its respective jurisdictions.

The Parish will also issue a 20 year, \$11.365 million revenue bond in 2019 to be funded by annual GOMESA revenues. These bond funds will be used to fund hurricane and flood projects and onshore infrastructure projects that mitigate the impact of outer continental Shelf activities.

In 2018, 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 this anticipated 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, 2018

	Governmental <u>Activities</u>	Business-type <u>Activities</u>	<u>Total</u>
ASSETS			
Current assets,			
Cash and cash equivalents	\$ 4,015,348	\$ 1,528,003	\$ 5,543,351
Investments	10,034,057	992,804	11,026,861
Receivables (net of allowances for uncollectibles)	999,249	343,775	1,343,024
Due from component units	2,312,731		2,312,731
Due from other governments	7,642,993	73,644	7,716,637
Other assets	204		204
Internal balances	<u>(916,408)</u>	<u>916,408</u>	<u>-</u>
Total current assets	<u>24,088,174</u>	<u>3,854,634</u>	<u>27,942,808</u>
Noncurrent assets			
Restricted cash		1,422,104	1,422,104
Restricted investments		841,813	841,813
Internal balances	<u>(4,250,521)</u>	<u>4,250,521</u>	<u>-</u>
Total restricted assets	<u>(4,250,521)</u>	<u>6,514,438</u>	<u>2,263,917</u>
Capital assets			
Land and improvements	1,919,874	3,802,599	5,722,473
Buildings, net of accumulated depreciation	8,489,854	1,064,783	9,554,637
Improvements other than buildings, net of accumulated depreciation	15,224,026	15,801,531	31,025,557
Equipment and furniture, net of accumulated depreciation	2,971,334	2,269,554	5,240,888
Infrastructure, net of accumulated depreciation	66,928,902		66,928,902
Construction in progress	9,447,979	44,288	9,492,267
Net pension asset	<u>537,556</u>	<u>143,991</u>	<u>681,547</u>
Total noncurrent assets	<u>101,269,004</u>	<u>29,641,184</u>	<u>130,910,188</u>
Total assets	<u>125,357,178</u>	<u>33,495,818</u>	<u>158,852,996</u>
DEFERRED OUTFLOWS OF RESOURCES			
Gain on refunding	72,000	750,900	822,900
Related to Pensions	<u>1,181,537</u>	<u>316,489</u>	<u>1,498,026</u>
Total deferred outflows of resources	<u>1,253,537</u>	<u>1,067,389</u>	<u>2,320,926</u>
Total assets and deferred outflows of resources	<u>\$ 126,610,715</u>	<u>\$ 34,563,207</u>	<u>\$ 161,173,922</u>
LIABILITIES			
Liabilities			
Current liabilities			
Accounts payable	\$ 788,303	\$ 342,079	\$ 1,130,382
Contracts payable	752,184		752,184
Retainage payable	270,246		270,246
Accrued liabilities	248,207		248,207
Due to other governments	-		-
Accrued interest payable	197,295		197,295
Current portion of long-term debt	1,731,000	830,000	2,561,000
Current portion of lease obligation payable	<u>105,219</u>		<u>105,219</u>
Total current liabilities	<u>4,092,454</u>	<u>1,172,079</u>	<u>5,264,533</u>
Noncurrent liabilities			
Other post-employment benefits	13,703,640	2,988,011	16,691,651
Compensated absences	242,000		242,000
Long-term debt	20,925,376	9,495,124	30,420,500
Landfill closure costs and post-closure care costs		4,950,000	4,950,000
Lease obligation payable	<u>221,781</u>		<u>221,781</u>
Total noncurrent liabilities	<u>35,092,797</u>	<u>17,433,135</u>	<u>52,525,932</u>
Total liabilities	<u>39,185,251</u>	<u>18,605,214</u>	<u>57,790,465</u>
DEFERRED INFLOWS OF RESOURCES			
Related to Pensions	1,612,775	431,999	2,044,774
Related to OPEB	1,314,279	286,573	1,600,852
Unavailable revenues	<u>70,405</u>	<u>-</u>	<u>70,405</u>
Total deferred inflows of resources	<u>2,997,459</u>	<u>718,572</u>	<u>3,716,031</u>
Total liabilities and deferred inflows of resources	<u>42,182,710</u>	<u>19,323,786</u>	<u>61,506,496</u>
NET POSITION			
Net investment in capital assets	81,998,593	12,657,631	94,656,224
Restricted for:			
Capital projects	5,310,392		5,310,392
Debt service	2,242,425	2,351,803	4,594,228
Other purposes	3,186,891		3,186,891
Unrestricted	<u>(8,310,296)</u>	<u>229,987</u>	<u>(8,080,309)</u>
Total net position	<u>84,428,005</u>	<u>15,239,421</u>	<u>99,667,426</u>
Total liabilities, deferred inflows of outsources, and net position	<u>\$ 126,610,715</u>	<u>\$ 34,563,207</u>	<u>\$ 161,173,922</u>

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

ST. MARY PARISH COUNCIL

Statement of Activities
Year Ended December 31, 2018

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	\$ 6,340,937	\$ 994,445	\$ 767,865	\$ 2,494,831	\$ (2,083,796)		\$ (2,083,796)
Public safety	4,443,997	4,232	-	106,265	(4,333,500)		(4,333,500)
Public works	12,057,495	-	1,030,459	3,099,950	(7,927,086)		(7,927,086)
Sanitation	2,093,252	1,335,851	87,791	68,449	(601,161)		(601,161)
Culture & recreation	2,406,350	57,953	750		(2,347,647)		(2,347,647)
Health & welfare	5,277,895	196,856	3,619,303		(1,461,736)		(1,461,736)
Urban redevelopment & housing	389,719		389,481		(238)		(238)
Economic development & assistance	270,194				(270,194)		(270,194)
Interest on long-term debt	503,957				(503,957)		(503,957)
Fees on long-term debt	75,883				(75,883)		(75,883)
Total governmental activities	<u>33,859,679</u>	<u>2,589,337</u>	<u>5,895,649</u>	<u>5,769,495</u>	<u>(19,605,198)</u>		<u>(19,605,198)</u>
Business-type activities							
Solid Waste Landfill	4,604,103	3,679,312				\$ (924,791)	(924,791)
Small Animal Control	433,372	127,420				(305,952)	(305,952)
Kemper Williams Park	552,804	138,163	30,978			(383,663)	(383,663)
Total business-type activities	<u>5,590,279</u>	<u>3,944,895</u>	<u>30,978</u>	<u>-</u>		<u>(1,614,406)</u>	<u>(1,614,406)</u>
Total	<u>\$ 39,449,958</u>	<u>\$ 6,534,232</u>	<u>\$ 5,926,627</u>	<u>\$ 5,769,495</u>	<u>\$ (19,605,198)</u>	<u>\$ (1,614,406)</u>	<u>\$ (21,219,604)</u>
		General revenues:					
		Taxes:					
					5,809,454		5,809,454
					3,322,324		3,322,324
					135,409		135,409
					1,037,177		1,037,177
					129,887		129,887
					3,726,091		3,726,091
					440,240		440,240
					283,382	136,290	419,672
					53,843	14,422	68,265
		Special items:					
					823,913		823,913
					64,862		64,862
					(1,305,000)	1,305,000	-
					<u>14,521,582</u>	<u>1,455,712</u>	<u>15,977,294</u>
					<u>(5,083,616)</u>	<u>(158,694)</u>	<u>(5,242,310)</u>
					<u>94,708,834</u>	<u>16,988,782</u>	<u>111,697,616</u>
					(5,197,213)	(1,590,667)	(6,787,880)
					<u>89,511,621</u>	<u>15,398,115</u>	<u>104,909,736</u>
					<u>\$ 84,428,005</u>	<u>\$ 15,239,421</u>	<u>\$ 99,667,426</u>

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

ST. MARY PARISH COUNCIL

Balance Sheet
Governmental Funds
December 31, 2018

	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	\$ 419	\$ 127		\$ 90,000	\$ 1,145	\$ 1	\$ 3,923,656	\$ 4,015,348
Investments		706,196	\$ 1,285,397	6,190,565		1,058,536	793,363	10,034,057
Receivables (net of allowances for uncollectibles)	185,555	187,552	177,997	145,404			302,741	999,249
Due from component units	1,881,751					430,980		2,312,731
Due from other governments	3,591,991	954,759	477,706	868,152	335,061		1,415,324	7,642,993
Advance to other funds		719,498				709,097	1,404,471	2,833,066
Other assets							204	204
Total assets	<u>\$ 5,659,716</u>	<u>\$ 2,568,132</u>	<u>\$ 1,941,100</u>	<u>\$ 7,294,121</u>	<u>\$ 336,206</u>	<u>\$ 2,198,614</u>	<u>\$ 7,839,759</u>	<u>\$ 27,837,648</u>
LIABILITIES								
Accounts payable	\$ 280,874	\$ 43,323	\$ 190,013			\$ 423	\$ 273,670	\$ 788,303
Contracts payable				\$ 417,123	\$ 335,061			752,184
Retainage payable				270,246				270,246
Accrued liabilities	141,303	55,024	2,728				49,152	248,207
Due to other governments								
Advance from other funds	2,893,166	2,076,853	972,395	1,297,505			760,076	7,999,995
Total liabilities	<u>3,315,343</u>	<u>2,175,200</u>	<u>1,165,136</u>	<u>1,984,874</u>	<u>335,061</u>	<u>423</u>	<u>1,082,898</u>	<u>10,058,935</u>
Deferred inflows of resources							70,405	70,405
Total liabilities and deferred inflows	<u>3,315,343</u>	<u>2,175,200</u>	<u>1,165,136</u>	<u>1,984,874</u>	<u>335,061</u>	<u>423</u>	<u>1,153,303</u>	<u>10,129,340</u>
FUND BALANCES								
Fund balances (deficits)								
Nonspendable - non-current receivables	1,700,000					365,453		2,065,453
Restricted for								
Use in specific geographic areas							1,131,139	1,131,139
Debt service							2,331,576	2,331,576
Assigned for								
General Government							285,537	285,537
Public safety							134,507	134,507
Culture & recreation							314,605	314,605
Health & welfare							673,826	673,826
Urban redevelopment & housing							5,521	5,521
Debt service							1,347,141	1,347,141
Sanitation			775,964					775,964
Capital projects				5,309,247	1,145			5,310,392
Unassigned	644,373	392,932				1,832,738	462,604	3,332,647
Total fund balances	<u>2,344,373</u>	<u>392,932</u>	<u>775,964</u>	<u>5,309,247</u>	<u>1,145</u>	<u>2,198,191</u>	<u>6,686,456</u>	<u>17,708,308</u>
Total liabilities and fund balances	<u>\$ 5,659,716</u>	<u>\$ 2,568,132</u>	<u>\$ 1,941,100</u>	<u>\$ 7,294,121</u>	<u>\$ 336,206</u>	<u>\$ 2,198,614</u>	<u>\$ 7,839,759</u>	<u>\$ 27,837,648</u>

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, 2018

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

Total fund balance - Governmental Funds		\$ 17,708,308
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.		104,981,969
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.		(197,295)
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	\$ (1,731,000)	
Noncurrent portion of long-term debt	(20,925,376)	
Lease obligation	(327,000)	
Compensated absences	(242,000)	
Other post-employment benefit plans	(13,703,640)	
Net pension asset	<u>537,556</u>	<u>(36,391,460)</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	72,000	
Deferred outflows of resources related to pensions	1,181,537	
Deferred inflows of resources related to pensions	(1,612,775)	
Deferred inflows of resources related to OPEBs	<u>(1,314,279)</u>	<u>(1,673,517)</u>
Net position of governmental activities		<u>\$ 84,428,005</u>

ST. MARY PARISH COUNCIL

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ending December 31, 2018

	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			\$ 2,523,850				\$ 3,285,604	\$ 5,809,454
Ad valorem	\$ 3,322,324						135,409	3,457,733
Other taxes, penalties, & interests, etc.	129,887							129,887
Intergovernmental revenues								
Federal grants	466,742	\$ 1,005,029		\$ 1,029,838	\$ 1,927,251		1,215,014	5,643,874
Medicaid							2,318,435	2,318,435
State funds								
State grants	81,230	90,750	87,791	(44,704)			433,056	648,123
State revenue sharing	440,240							440,240
Royalty road funds		3,726,091						3,726,091
Parish road transportation funds		447,013						447,013
Severance taxes	1,037,177							1,037,177
Local			68,449	277,367			148,544	494,360
Criminal court fund	1,910							1,910
Riverboat fees							1,400,000	1,400,000
Licenses & permits	708,663						21,870	730,533
Fees, charges, & commission	184,746		1,335,851				162,263	1,682,860
Mosquito abatement	174,034							174,034
Investment earnings & interest	83,121	(4,068)	24,458	43,331		\$ 49,330	87,210	283,382
Other revenues	215,651	492,696					4,992	713,339
Total revenues	<u>6,845,725</u>	<u>5,757,511</u>	<u>4,040,399</u>	<u>1,305,832</u>	<u>1,927,251</u>	<u>49,330</u>	<u>9,212,397</u>	<u>29,138,445</u>
EXPENDITURES								
Current:								
General government	5,468,278						251,039	5,719,317
Public safety	829,110		191,571				2,215,504	3,236,185
Public works	310,975	4,127,632					203,901	4,642,508
Sanitation			1,961,571			5,079		1,966,650
Culture & recreation	901,796						385,984	1,287,780
Health & welfare	1,072,219		82,823				3,592,268	4,747,310
Urban redevelopment & housing							389,719	389,719
Economic development & assistance	270,194							270,194
Miscellaneous	2,160							2,160
Bad debts								
FEMA Reimbursement								
Capital outlay				6,436,422	1,927,251		39,000	8,402,673
Debt service								
Principal							1,563,000	1,563,000
Interest							448,559	448,559
Fees							75,883	75,883
Total expenditures	<u>8,854,732</u>	<u>4,127,632</u>	<u>2,235,965</u>	<u>6,436,422</u>	<u>1,927,251</u>	<u>5,079</u>	<u>9,164,857</u>	<u>32,751,938</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,009,007)</u>	<u>1,629,879</u>	<u>1,804,434</u>	<u>(5,130,590)</u>		<u>44,251</u>	<u>47,540</u>	<u>(3,613,493)</u>
OTHER FINANCING SOURCES								
Proceeds from bonds							10,000,000	10,000,000
Operating transfers in	3,545,000			9,931,317		200,000	2,857,880	16,534,197
Operating transfers out	<u>(1,561,515)</u>	<u>(1,750,000)</u>	<u>(1,605,000)</u>			<u>(13,685)</u>	<u>(12,922,682)</u>	<u>(17,852,882)</u>
Total other financing sources (uses)	<u>1,983,485</u>	<u>(1,750,000)</u>	<u>(1,605,000)</u>	<u>9,931,317</u>		<u>186,315</u>	<u>(64,802)</u>	<u>8,681,315</u>
SPECIAL ITEMS								
Transfer of Hospital Service District No. 3 operations	201,568							201,568
Net change in fund balance	176,046	(120,121)	199,434	4,800,727	-	230,566	(17,262)	5,269,390
Fund balance at beginning of year	<u>2,168,327</u>	<u>513,053</u>	<u>576,530</u>	<u>586,460</u>	<u>1,145</u>	<u>1,967,625</u>	<u>6,703,718</u>	<u>12,516,858</u>
Prior-Period Adjustment				<u>(77,940)</u>				<u>(77,940)</u>
Fund balance at end of year	<u>\$ 2,344,373</u>	<u>\$ 392,932</u>	<u>\$ 775,964</u>	<u>\$ 5,309,247</u>	<u>\$ 1,145</u>	<u>\$ 2,198,191</u>	<u>\$ 6,686,456</u>	<u>\$ 17,708,308</u>

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, 2018

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 \$ 5,269,390

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 (\$5,765,850) exceeded capital outlays (\$4,184,566) meeting the Council's Capitalization policy in the current period. (1,581,284)

Issuance of bonds is an other financing source in the governmental funds, but not in the Statement of Activities (10,000,000)

Repayment of bond principal and lease obligations 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	1,569,000	
Lease obligation	101,608	
Increase in accrued interest	(31,653)	
Amortize gain on refunding	<u>(12,000)</u>	
Net adjustment		<u>1,626,955</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.

Increase in accrued compensated absences (12,000)

Effects of recording net pension liability, other postemployment benefits liability, and deferred inflows and outflows of resources related to these liabilities:

Increase in pension expense	(120,774)	
Non employer pension contributions	53,843	
Increase on other postemployment benefit expense	<u>(319,746)</u>	
Net adjustment		<u>(386,677)</u>

Change in net position of governmental activities \$ (5,083,616)

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

ST. MARY PARISH COUNCIL

Statement of Net Position
Proprietary Funds
December 31, 2018

	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	\$ 1,199,207	\$ 144,654	\$ 184,142	\$ 1,528,003
Investments	992,804			992,804
Receivables (net of allowances for uncollectibles)	332,499	5,310	5,966	343,775
Due from other governments	73,644			73,644
Advance to other funds	916,408			916,408
Total current assets	<u>3,514,562</u>	<u>149,964</u>	<u>190,108</u>	<u>3,854,634</u>
Noncurrent assets				
Restricted cash	1,422,104			1,422,104
Restricted investments	841,813			841,813
Restricted advances	4,250,521			4,250,521
Total restricted assets	<u>6,514,438</u>	<u>-</u>	<u>-</u>	<u>6,514,438</u>
Property, plant, and equipment (net of accumulated depreciation)	19,491,263	987,903	2,503,589	22,982,755
Net pension asset	99,816	19,133	25,042	143,991
Total noncurrent assets	<u>26,105,517</u>	<u>1,007,036</u>	<u>2,528,631</u>	<u>29,641,184</u>
Total assets	<u>29,620,079</u>	<u>1,157,000</u>	<u>2,718,739</u>	<u>33,495,818</u>
DEFERRED OUTFLOWS OF RESOURCES				
Debt redemption costs	750,900			750,900
Related to pension	219,393	42,054	55,042	316,489
Total deferred outflows of resources	<u>970,293</u>	<u>42,054</u>	<u>55,042</u>	<u>1,067,389</u>
Total assets and deferred outflows of resources	<u>\$ 30,590,372</u>	<u>\$ 1,199,054</u>	<u>\$ 2,773,781</u>	<u>\$ 34,563,207</u>
LIABILITIES				
Current liabilities				
Accounts payable and accrued expenses	\$ 252,298	\$ 16,255	\$ 73,526	\$ 342,079
Bonds payable within one year	830,000			830,000
Total current liabilities	<u>1,082,298</u>	<u>16,255</u>	<u>73,526</u>	<u>1,172,079</u>
Long-term liabilities				
Other post-employment benefits	1,751,593	618,209	618,209	2,988,011
Bonds payable, including unamortized pre- landfill closure and	9,495,124			9,495,124
post-closure care costs	4,950,000			4,950,000
Total long-term liabilities	<u>16,196,717</u>	<u>618,209</u>	<u>618,209</u>	<u>17,433,135</u>
Total liabilities	<u>17,279,015</u>	<u>634,464</u>	<u>691,735</u>	<u>18,605,214</u>
DEFERRED INFLOWS OF RESOURCES				
Related to pension	299,466	57,403	75,130	431,999
Related to other post-employment benefits	167,991	59,291	59,291	286,573
Total liabilities and deferred inflows of resources	<u>17,746,472</u>	<u>751,158</u>	<u>826,156</u>	<u>19,323,786</u>
FUND EQUITY				
Invested in capital assets, net of related debt	9,166,139	987,903	2,503,589	12,657,631
Restricted	2,351,803			2,351,803
Unrestricted	<u>1,325,958</u>	<u>(540,007)</u>	<u>(555,964)</u>	<u>229,987</u>
Total net position	<u>12,843,900</u>	<u>447,896</u>	<u>1,947,625</u>	<u>15,239,421</u>
Total liabilities and net position	<u>\$ 30,590,372</u>	<u>\$ 1,199,054</u>	<u>\$ 2,773,781</u>	<u>\$ 34,563,207</u>

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, 2018

	Business-type Activities Enterprise Funds			<u>Total</u>
	Reduction and Transfer <u>Fund</u>	Small Animal Control <u>Fund</u>	Kemper Williams Park <u>Fund</u>	
OPERATING REVENUES				
Solid waste disposal fees	\$ 3,678,052			\$ 3,678,052
Impound fees		\$ 127,420		127,420
Admission fees			\$ 17,232	17,232
Campsite fees			76,442	76,442
Special events			31,391	31,391
Other	1,260		13,098	14,358
	<u>3,679,312</u>	<u>127,420</u>	<u>138,163</u>	<u>3,944,895</u>
OPERATING EXPENSES				
Personal services	1,324,206	292,351	275,165	1,891,722
Contractual services	91,061		2,384	93,445
Supplies	25,473	15,450	14,229	55,152
Materials	507,786	5,954	6,418	520,158
Utilities	85,509	21,843	102,973	210,325
Repairs and maintenance	144,268	5,140	20,807	170,215
Landfill closure costs	250,000			250,000
Equipment and rentals	618,326	16,008	25,241	659,575
Miscellaneous	41,918	1,326	5,965	49,209
Depreciation	982,794	65,393	79,387	1,127,574
Insurance	120,064	9,907	20,235	150,206
	<u>4,191,405</u>	<u>433,372</u>	<u>552,804</u>	<u>5,177,581</u>
Net operating income (loss)	<u>(512,093)</u>	<u>(305,952)</u>	<u>(414,641)</u>	<u>(1,232,686)</u>
NON-OPERATING REVENUES AND EXPENSES				
Investment earnings	134,498	1,516	276	136,290
Gifts/donations			30,978	30,978
Non-employer pension contributions	9,998	1,916	2,508	14,422
Interest	(405,248)			(405,248)
Fees	(7,450)			(7,450)
	<u>(268,202)</u>	<u>3,432</u>	<u>33,762</u>	<u>(231,008)</u>
Income (loss) before transfers	<u>(780,295)</u>	<u>(302,520)</u>	<u>(380,879)</u>	<u>(1,463,694)</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in				
General Fund		180,000	375,000	555,000
Wards 5 & 8 Sales Tax Fund			50,000	50,000
Sanitation Fund	700,000	-	-	700,000
Total contributions and transfers	<u>700,000</u>	<u>180,000</u>	<u>425,000</u>	<u>1,305,000</u>
Change in net position	<u>(80,295)</u>	<u>(122,520)</u>	<u>44,121</u>	<u>(158,694)</u>
Net position, beginning of year (as previously stated)	13,764,213	912,469	2,312,100	16,988,782
Prior period restatement	(840,018)	(342,053)	(408,596)	(1,590,667)
Net position, beginning of year (as restated)	<u>12,924,195</u>	<u>570,416</u>	<u>1,903,504</u>	<u>15,398,115</u>
Net position, end of year	<u>\$ 12,843,900</u>	<u>\$ 447,896</u>	<u>\$ 1,947,625</u>	<u>\$ 15,239,421</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, 2018

Increase (Decrease) in Cash & Cash Equivalents

	Business-type Activities Enterprise Funds			<u>Total</u>
	<u>Reduction and Transfer Fund</u>	<u>Small Animal Control Fund</u>	<u>Kemper Williams Park Fund</u>	
Cash flows from operating activities:				
Received from charges for services	\$ 4,060,302	\$ 128,835	\$ 136,963	\$ 4,326,100
Payments to suppliers for goods & services	(1,597,669)	(72,918)	(142,341)	(1,812,928)
Payments to employees for services	(1,191,407)	(247,467)	(334,878)	(1,773,752)
Net cash flows (deficiency) from operating activities	<u>1,271,226</u>	<u>(191,550)</u>	<u>(340,256)</u>	<u>739,420</u>
Cash flows from noncapital financing activities:				
Contributions			30,978	30,978
Operating transfers in from other funds	700,000	180,000	425,000	1,305,000
Repayment of advances by other funds		182,475	109,683	292,158
Advances to other funds	819,900			819,900
Net cash flows (deficiency) from noncapital financing activities	<u>1,519,900</u>	<u>362,475</u>	<u>565,661</u>	<u>2,448,036</u>
Cash flows from capital and related financial activities				
Fixed asset acquisitions	(1,488,388)	(29,703)	(44,287)	(1,562,378)
Debt payments	(1,172,698)			(1,172,698)
Net cash flows (deficiency) from capital and related financing activities	<u>(2,661,086)</u>	<u>(29,703)</u>	<u>(44,287)</u>	<u>(2,735,076)</u>
Cash flows from investing activities				
Investment earnings	134,498	1,516	276	136,290
Sale of investments	507,730			507,730
Non-employer pension contributions	9,998	1,916	2,508	14,422
Net cash flows from investing activities	<u>652,226</u>	<u>3,432</u>	<u>2,784</u>	<u>658,442</u>
Net increase in cash and cash equivalents	782,266	144,654	183,902	1,110,822
Cash and cash equivalents at beginning of year	<u>1,839,045</u>	<u>-</u>	<u>240</u>	<u>1,839,285</u>
Cash and cash equivalents at end of year	<u>\$ 2,621,311</u>	<u>\$ 144,654</u>	<u>\$ 184,142</u>	<u>\$ 2,950,107</u>
Shown in the accompanying Statement of Net Position as:				
Cash and cash equivalents	\$ 1,199,207	\$ 144,654	\$ 184,142	\$ 1,528,003
Restricted cash	1,422,104			1,422,104
Total cash and cash equivalents	<u>\$ 2,621,311</u>	<u>\$ 144,654</u>	<u>\$ 184,142</u>	<u>\$ 2,950,107</u>

	Business-type Activities Enterprise Funds			
	Reduction and Transfer <u>Fund</u>	Small Animal Control <u>Fund</u>	Kemper Williams Park <u>Fund</u>	<u>Total</u>
Reconciliation of operating income (loss) to net cash, provided by operating activities:				
Operating income (loss)	\$ (512,093)	\$ (305,952)	\$ (414,642)	\$ (1,232,687)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation and amortization	982,794	65,393	79,387	1,127,574
Decrease (increase) in accounts receivable	380,990	2,710	(1,200)	382,500
Decrease (increase) in net pension asset	(99,816)	(19,133)	(25,042)	(143,991)
Decrease (increase) in deferred outflows related to pension	149,813	25,815	40,789	216,417
Increase (decrease) in accounts payable and accrued expenses	36,736	1,415	55,912	94,063
Increase (decrease) in landfill closure costs	250,000			250,000
Increase (decrease) in other post-employment benefits	(46,025)	(16,244)	(121,987)	(184,256)
Increase (decrease) in net pension liability	(287,161)	(52,787)	(74,535)	(414,483)
Increase (decrease) in deferred inflows related to pension	247,997	47,942	61,771	357,710
Increase (decrease) in deferred inflows related to other post-employment benefits	<u>167,991</u>	<u>59,291</u>	<u>59,291</u>	<u>286,573</u>
Total adjustments	<u>1,783,319</u>	<u>114,402</u>	<u>74,386</u>	<u>1,972,107</u>
Net cash provided by (used for) operating activities	<u>\$ 1,271,226</u>	<u>\$ (191,550)</u>	<u>\$ (340,256)</u>	<u>\$ 739,420</u>

ST. MARY PARISH COUNCIL

Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes				
Ad Valorem	\$ 3,600,000	\$ 3,425,000	\$ 3,322,324	\$ (102,676)
Other taxes, penalties, & interests, etc.	65,000	105,000	129,887	24,887
Intergovernmental revenues				
Federal grants	331,000	402,713	466,742	64,029
State funds				
State grants		45,397	81,230	35,833
State revenue sharing	505,500	453,996	440,240	(13,756)
Severance taxes	1,000,000	1,037,177	1,037,177	-
Criminal court fund	5,000	5,000	1,910	(3,090)
Licenses & permits	769,050	779,050	708,663	(70,387)
Fees, charges, & commission	107,275	110,849	184,746	73,897
Mosquito abatement	185,000	185,000	174,034	(10,966)
Investment earnings & interest	137,000	137,000	83,121	(53,879)
Other revenues	42,000	210,173	215,651	5,478
Total revenues	<u>6,746,825</u>	<u>6,896,355</u>	<u>6,845,725</u>	<u>(50,630)</u>
EXPENDITURES				
Current:				
General government				
Legislative	511,617	523,617	448,435	75,182
Judicial	1,269,330	1,272,580	1,248,396	24,184
Executive	261,024	261,024	233,266	27,758
Elections	98,152	98,152	122,372	(24,220)
Finance & administrative	850,668	850,668	988,816	(138,148)
Courthouse	1,374,432	1,349,432	1,360,579	(11,147)
Other	739,193	769,193	1,066,414	(297,221)
Public safety	790,768	862,810	829,110	33,700
Culture & recreation	1,032,799	1,040,099	901,796	138,303
Health & welfare	596,460	689,398	640,884	48,514
Economic development & assistance	309,948	294,948	270,194	24,754
Mosquito abatement	250,000	562,400	431,335	131,065
Airport operations	334,025	309,025	310,975	(1,950)
Miscellaneous	2,500	2,500	2,160	340
Total expenditures	<u>8,420,916</u>	<u>8,885,846</u>	<u>8,854,732</u>	<u>31,114</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,674,091)</u>	<u>(1,989,491)</u>	<u>(2,009,007)</u>	<u>(19,516)</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in				
Road Construction & Maintenance Fund	1,300,000	1,650,000	1,650,000	-
Sales Tax Bond Sinking Fund	1,000,000	1,165,000	1,165,000	-
Gaming Receipt Fund	465,000	540,000	540,000	-
Wards 5 & 8 Sales Tax Fund		125,000	125,000	-
Fairview Treatment Center	65,000	65,000	65,000	-
Operating transfers out				
Witness Fee Fund		(6,515)	(6,515)	-
Small Animal Control Fund	(180,000)	(180,000)	(180,000)	-
Jail Operating & Maintenance Fund	(1,000,000)	(1,000,000)	(1,000,000)	-
Kemper Williams Park Fund	(375,000)	(375,000)	(375,000)	-
Total other financing sources (uses)	<u>1,275,000</u>	<u>1,983,485</u>	<u>1,983,485</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	<u>(399,091)</u>	<u>(6,006)</u>	<u>(25,522)</u>	<u>(19,516)</u>
SPECIAL ITEMS				
Transfer of Hospital Service Dist. No. 3 operations	<u>-</u>	<u>201,568</u>	<u>201,568</u>	<u>-</u>
Net change in fund balance	<u>(399,091)</u>	<u>195,562</u>	<u>176,046</u>	<u>(19,516)</u>
Fund balance at beginning of year	<u>2,650,000</u>	<u>2,168,327</u>	<u>2,168,327</u>	<u>-</u>
Fund balance at end of year	<u>\$ 2,250,909</u>	<u>\$ 2,363,889</u>	<u>\$ 2,344,373</u>	<u>\$ (19,516)</u>

ST. MARY PARISH COUNCIL

Budgetary Comparison Schedule
Road Construction & Maintenance Fund
For the Year Ended December 31, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental revenues				
Federal grants		\$ 869,497	\$ 1,005,029	\$ 135,532
State funds				
State grants	\$ 89,720	89,720	90,750	1,030
Royalty road funds	4,250,000	3,700,000	3,726,091	26,091
Parish road transportation funds	450,000	450,000	447,013	(2,987)
Investment earnings & interest	7,000	7,000	(4,068)	(11,068)
Other revenues	305,000	328,662	492,696	164,034
Total revenues	<u>5,101,720</u>	<u>5,444,879</u>	<u>5,757,511</u>	<u>312,632</u>
EXPENDITURES				
Current:				
Public works				
Highways/streets & roads	3,835,270	3,675,270	3,692,173	(16,903)
Road supervisor	88,265	88,265	96,676	(8,411)
Bridges	251,258	251,258	194,042	57,216
Avoca ferry	158,335	158,335	144,741	13,594
Total expenditures	<u>4,333,128</u>	<u>4,173,128</u>	<u>4,127,632</u>	<u>45,496</u>
Excess of revenues over expenditures	<u>768,592</u>	<u>1,271,751</u>	<u>1,629,879</u>	<u>358,128</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers out				
General Fund	(1,300,000)	(1,650,000)	(1,650,000)	-
Certificates of Indebtedness Sinking Fund	<u>(100,000)</u>	<u>(100,000)</u>	<u>(100,000)</u>	-
Total other financing sources (uses)	<u>(1,400,000)</u>	<u>(1,750,000)</u>	<u>(1,750,000)</u>	-
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(631,408)	(478,249)	(120,121)	358,128
Fund balance at beginning of year	<u>704,131</u>	<u>513,053</u>	<u>513,053</u>	-
Fund balance at end of year	<u>\$ 72,723</u>	<u>\$ 34,804</u>	<u>\$ 392,932</u>	<u>\$ 358,128</u>

ST. MARY PARISH COUNCIL

Budgetary Comparison Schedule
Sanitation Fund
For the Year Ended December 31, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive <u>(Negative)</u>
REVENUES				
Taxes				
Sales and use	\$ 2,150,000	\$ 2,350,000	\$ 2,523,850	\$ 173,850
Intergovernmental revenues				
State grants	74,991	94,994	87,791	(7,203)
Local grants	77,000	77,000	68,449	(8,551)
Fees, charges, & commission	1,410,000	1,410,000	1,335,851	(74,149)
Investment earnings & interest	13,000	25,000	24,458	(542)
Total revenues	<u>3,724,991</u>	<u>3,956,994</u>	<u>4,040,399</u>	<u>83,405</u>
EXPENDITURES				
Current:				
Public safety	195,351	195,351	191,571	3,780
Sanitation	1,943,600	2,002,166	1,961,571	40,595
Health & Welfare	74,991	94,994	82,823	12,171
Total expenditures	<u>2,213,942</u>	<u>2,292,511</u>	<u>2,235,965</u>	<u>56,546</u>
Excess of revenues over expenditures	<u>1,511,049</u>	<u>1,664,483</u>	<u>1,804,434</u>	<u>139,951</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers out				
Reduction and Transfer	(700,000)	(700,000)	(700,000)	-
3/4% Sales Tax Bond Sinking Fund	(705,000)	(705,000)	(705,000)	-
Combined Sewer Construction Fund	(200,000)	(200,000)	(200,000)	-
Total other financing sources (uses)	<u>(1,605,000)</u>	<u>(1,605,000)</u>	<u>(1,605,000)</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(93,951)	59,483	199,434	139,951
Fund balance at beginning of year	<u>161,835</u>	<u>576,530</u>	<u>576,530</u>	<u>-</u>
Fund balance at end of year	<u>\$ 67,884</u>	<u>\$ 636,013</u>	<u>\$ 775,964</u>	<u>\$ 139,951</u>

ST. MARY PARISH COUNCIL

Notes to the Financial Statements December 31, 2018

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	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	West of Patterson to Calumet, Verdunville, & Centerville	May 31	2, 3
No. 6 <i>(The District was consolidated into St. Mary Parish Water & Sewer District No. 4 by the Council and abolished effective October 1, 2017)</i>	Chatsworth, St. Joseph, Irish Bend, Yokely, Sorrell, Websterville, Charenton, St. Peter	September 30	2, 3
Sewerage District:			
No. 5 <i>(This District was consolidated Water & Sewer Comm. No. 3 by the Council and abolished effective October 1, 2017)</i>	Verdunville/Centerville	September 30	1, 2, 3
No. 7 <i>(This District was consolidated into St. Mary Parish Water & Sewer District No. 4 by the Council and abolished September 30, 2018)</i>	Chatsworth, St. Joseph, Irish Bend, Yokely	September 30	1, 2, 3
No. 8 <i>(This District was consolidated into Water & Sewer Comm. No. 3 by the Council and abolished effective October 1, 2017)</i>	Cotton Road to Wax Lake Outlet	September 30	2, 3
No. 9 <i>(The District was consolidated into St. Mary Parish Water & Sewer District No. 4 by the Council and abolished effective September 30, 2018)</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>
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 14)</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, 2018, these assets are restricted for the following purposes:

Reserved for debt service by debt covenants	\$1,932,019
Reserved for depreciation and contingencies by debt covenants	537,341
Ear marked for landfill closure costs and post-closure care costs by Council action	<u>4,045,078</u>
	<u>\$6,514,438</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 thirty employees and totals approximately \$242,000 and is not discounted to present value.

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

Major funds	
General Fund	\$65,000
Road Construction and Maintenance Fund	26,000
Sanitation Fund	2,000
Reduction and Transfer Fund	22,000
Kemper Williams Park Fund	2,000
Non-major funds	
16 th Judicial District Drug Court Fund	9,000
Small Animal Control Fund	6,000
Fairview Treatment Center	14,000
Claire House	7,000
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.

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

The Council follows GASB pronouncements establishing the accounting and financial reporting by state and local governments for pensions. This guidance requires the Council to calculate and recognize a net pension liability or asset 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 or asset, deferred outflows and inflows of resources, and pension expense, the Council uses the same basis as PERS-A.

See Note 16 for further details about this pension plan.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

P. Other Postemployment Benefits Liability and Related Deferred Outflows and Inflows of Resources

The Council has agreed to provide its employees with postemployment benefits. In 2018 the Council adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (OPEB) which establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expenses related to OPEB.

See Notes 2 and 17 for further details about this OPEB plan.

Q. Deferred Outflows and Inflows of Resources (Related to Debt Refundings)

In prior years the Council's Reduction and Transfer Fund and the ¾% Sales Tax Bond Sinking Fund issued refunding debt which resulted in the defeasance of old debt issues. The difference between the reacquisition price (amount required to repay the previously issued old debt) and the net carrying amount of the old debt is 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 and the ¾% Sales Tax Bond Sinking Fund report debt redemption costs of \$750,900 and \$72,000 respectively as a deferred outflow of resources and amortized \$99,000 and \$12,000 respectively this year as a component of interest expense.

R. 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, 2018 \$1,737,808 of the Council's restricted net position was required by enabling legislation.

At December 31, 2018, the Council's unrestricted net position (deficit) of (\$8,080,309) includes the effect of the \$1,600,852 balance of deferred inflows of resources related to OPEB, which will be recognized as a reduction of the unrestricted net deficit in future years.

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.

S. 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.

T. Reclassification

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

U. 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 RESTATEMENT AND ADJUSTMENT

Restatement Related to New Accounting Pronouncements

In 2018 the Council adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (OPEB) which establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expenses related to OPEB. This statement identifies the methods and assumptions required to project benefit payments to their actuarial present value and attribute said present value to periods of employee service. This statement requires changes to be applied retroactively, as if OPEB liability had been calculated in accordance with GASB No. 75 in prior years. Accordingly this would result in an increase in the Council’s beginning of the year OPEB liability and decrease in net position as follows:

<u>Fund</u>	Other post- employment benefits <u>Increase by:</u>	Net position <u>Decrease by:</u>
Proprietary Funds:		
Reduction and Transfer	\$840,018	\$840,018
Small Animal Control	342,053	342,053
Kemper Willams Park	408,596	408,596
Government-Wide Statement of Net Position		
Governmental Activities (column)	<u>5,119,273</u>	<u>5,119,273</u>
Total	<u>\$6,709,940</u>	<u>\$6,709,940</u>

Adjustment Related to Correction of Error

During 2018 the Council discovered that the beginning receivables balance in the Capital Improvement Fund included \$77,940 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 Capital Improvement Fund were reduced by \$77,940.

NOTE 3 – SPECIAL ITEMS

Significant transactions, within the control of management, that are either unusual in nature or infrequent in occurrence are special items.

The Hospital Service District No. 3 (Hospital) no longer directly provided healthcare services and has no outstanding long-term debt, however the Hospital continued to rent its facilities to other entities. Effective July 1, 2018, the Hospital transferred its operations to the Council. The Hospital was a legally-separate, discretely-presented component entity of the Council. All assets and liabilities and net position of the Hospital were assumed by the Council and transferred to the General Fund. This transfer resulted in a net increase in General Fund fund balance of \$201,568 and an additional \$622,345 recognized on the government-wide Statement of Net Position for the Council. The following is a summary of the amounts of assets, liabilities, and net position of the Hospital that were transferred to the Council:

Assets	
Current	\$ 90,867
Capital Assets	604,600
Other	<u>128,992</u>
Total	<u>\$824,459</u>
Liability	
Current	\$ <u>546</u>
Total	<u>\$ 546</u>
Net Position	
Net invested in capital assets	\$604,600
Restricted	128,992
Unrestricted	<u>90,321</u>
Total	<u>\$823,913</u>

No adjustments were required to the value of these transferred items.

During the current year, Fire Protection District No. 7 of the Parish of St. Mary performed renovations totaling \$64,862 on a building owned by the Council. This amount was recognized as an increase in the Council's fixed assets in the government-wide Statement of Net Position.

Both these transactions were reported as Special Items by the Council in the current year.

NOTE 4 - 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	\$(41,420)

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

NOTE 5 - TAXES

Sales Taxes

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

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

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

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

NOTE 5 – 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 2018, 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 6 - 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 2018 the carrying amount of the Council’s cash was \$6,965,455 and the bank balance was \$8,094,382. A portion of these balances was covered by federal depository insurance, the uninsured portion of \$6,344,382 was collateralized with securities held by the pledging financial institutions.

NOTE 6 - 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 a 2A7-like 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. LAMP share values for the pool are valued at fair value based on quoted market rates determined on a weekly basis. The value of the Council's investment in LAMP is the same as the net asset values of its pool shares.

The following is a summary of investments held by the Council at December 31, 2018.

	<u>Amount</u>	Percentage of Total <u>Investments</u>
U.S. Government Securities	\$ 9,571,648	81%
LAMP (rated AAAM by Standard & Poors)	<u>2,297,026</u>	<u>19%</u>
	<u>\$11,868,674</u>	<u>100%</u>

As of December 31, 2018, 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>\$9,571,648</u>	<u>\$7,927,514</u>	<u>\$1,629,451</u>	--

LAMP determines its maturities using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. The WAM for LAMP's total investments is 76 days as of December 31, 2018.

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, 2018:

- U.S. Government securities of \$9,571,648 are valued using quoted market prices (Level 1 inputs)

NOTE 7 - RECEIVABLES

Receivables at December 31, 2018, are as follows:

		Governmental Funds							
		Major							
		General Fund	Road Const. & Maint. Fund	Sanitation Fund	Capital Improvement Fund	Total Nonmajor Governmental Funds	Total Governmental Receivables		
Accounts	\$	185,555	187,552	177,997	145,404	302,741	999,249		
Total	\$	185,555	187,552	177,997	145,404	302,741	999,249		

		Nonmajor Governmental Funds								
		Wards 5&8 Sales Tax Fund	Wards 1,2,3,4,7&10 Sales Tax Fund	Jail Operating & Maintenance Fund	Job Readiness Program Fund	Housing Program	Fairview Treatment Center	16th JDC St. Mary Parish Drug Court	Total Nonmajor Governmental Funds	
Accounts	\$	59,688	73,278	159,326	45	2,955	6,039	1,410	302,741	
Total	\$	59,688	73,278	159,326	45	2,955	6,039	1,410	302,741	

		Enterprise Funds			
		Reduction and Transfer Fund	Small Animal Control Fund	Kemper Williams Park Fund	Total Enterprise Funds Receivables
Accounts	\$	332,499	5,310	5,966	343,775
Total	\$	332,499	5,310	5,966	343,775

All receivables are net of allowances for uncollectible accounts which are immaterial, except for Fairview Treatment Center which has an allowance for uncollectibles of \$3,633 and Reduction Transfer Fund which is \$102,435.

NOTE 8 - ADVANCES TO/FROM OTHER FUNDS

Advances to/from other funds as of December 31, 2018 consisted of the following:

Funds Advance due from	Funds Advance due to			Total
	Reduction and Transfer	Combined Sewer	Non Major Governmental Funds	
General Fund	\$ 2,893,166			\$ 2,893,166
Road Construction & Maintenance	1,357,355			1,357,355
Sanitation	-		\$ 972,395	972,395
Capital Improvement	588,408	\$ 709,097		1,297,505
Non Major Governmental	328,000		432,076	760,076
Total	\$ 5,166,929	\$ 709,097	\$ 1,404,471	\$ 7,280,497

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 9 - INTERFUND TRANSFERS

Interfund transfers in for the year ended December 31, 2018, consisted of the following:

TRANSFER TO	TRANSFER FROM	
Major Governmental Funds:		
General Fund	Road Construction & Maintenance	\$ 1,650,000
	Sales Tax Bond Sinking Fund	1,165,000
	Gaming Receipt Fund	540,000
	Fairview Treatment Center	65,000
	Sales Tax Wards 5 & 8	<u>125,000</u>
Total General Fund		\$ 3,545,000
Combined Sewer Construction Fund	Sanitation Fund	200,000
Capital Improvement Funds	Certificate of Indebtedness	<u>9,931,317</u>
Total Transfers In - Major Governmental Funds		<u>13,676,317</u>
Non Major Governmental Funds:		
Jail Operating & Maintenance Fund	General Fund	1,000,000
	Gaming Receipt Fund	<u>525,000</u>
Total Jail Operating & Maintenance Fund		1,525,000
3/4% Sales Tax Bond Sinking Fund	Sanitation Fund	705,000
Certificate of Indebtedness Sinking Fund	Gaming Receipt Fund	68,634
Certificate of Indebtedness Sinking Fund	Road Construction & Maintenance	100,000
Jail Sinking Fund	Jail Operating & Maintenance Fund	431,172
Jail Reserve Fund	Jail Operating & Maintenance Fund	21,559
Witness Fee Fund	General Fund	<u>6,515</u>
Total Transfers In -Non Major Governmental Funds		<u>2,857,880</u>
Total Transfers In - Governmental Funds		<u>\$ 16,534,197</u>
Business-type Activities:		
Reduction and Transfer Fund	Sanitation Fund	\$ 700,000
Small Animal Control Fund	General Fund	180,000
Kemper Williams Park Fund	General Fund	375,000
	Sales Tax Wards 5 & 8	<u>50,000</u>
Total Transfers In - Business-type Activities		<u>\$ 1,305,000</u>
Total Transfers In		<u>\$ 17,839,197</u>

NOTE 9 - INTERFUND TRANSFERS (continued)

Interfund transfers out for the year ended December 31, 2018, consisted of the following:

TRANSFER FROM	TRANSFER TO		
Major Governmental Funds:			
General Fund	Jail Operating & Maintenance Fund	\$ 1,000,000	
	Kemper Williams	375,000	
	Small Animal Control Fund	180,000	
	Witness Fee Fund	<u>6,515</u>	
Total General Fund			\$ 1,561,515
Road Construction & Maintenance Fund	General Fund	1,650,000	
	Certificate of Indebtedness	100,000	
Total Road Construction & Maintenance Fund			1,750,000
Sanitation Fund	Reduction and Transfer Fund	700,000	
	3/4% Sales Tax Bond Sinking Fund	705,000	
	Combined Sewer Construction Fund	<u>200,000</u>	
Total Sanitation Fund			<u>1,605,000</u>
Total Transfers Out - Major Governmental Funds			<u>4,916,515</u>
Non Major Governmental Funds:			
Gaming Receipt Fund	Certificates of Indebtedness Sinking Fund	68,634	
	Jail Operating & Maintenance Fund	525,000	
	General Fund	<u>540,000</u>	
Total Gaming Receipt Fund			1,133,634
Jail Operating & Maintenance Fund	Jail Sinking Fund	431,172	
	Jail Reserve Fund	<u>21,559</u>	
Total Jail Operating & Maintenance Fund			452,731
Sales Tax Wards 5 & 8	General Fund	125,000	
	Kemper Williams Fund	50,000	
			175,000
Sales Tax Bond Sinking Fund	General Fund		1,165,000
Fairview Treatment Center	General Fund		65,000
Certificate of Indebtedness Sinking Fund	Capital Improvement Fund		<u>9,931,317</u>
Total Transfers Out - Non Major Governmental Funds			<u>12,922,682</u>
Total Transfers Out - Governmental Funds			<u>17,839,197</u>
Total Transfers Out			<u>\$ 17,839,197</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 10 - DUE TO/FROM COMPONENT UNITS

Due from component units at December 31, 2018 consists of the following:

<u>Payable to</u>	<u>Due From</u>	<u>Amount</u>
Major Funds:		
General Fund	Atchafalaya Golf Course Commission	
	portion expected to be repaid currently	\$ 181,751
	portion not expected to be repaid currently	<u>1,700,000 *</u>
		<u>1,881,751</u>
Combined Sewer Construction Fund	St. Mary Parish Water & Sewer Comm. No. 5	216,891 *
	St. Mary Parish Water & Sewer Comm. No. 4	148,562 *
	St. Mary Parish Water & Sewer Commission No. 3	<u>65,527</u>
		<u>430,980</u>
	Total due from component units	<u>\$ 2,312,731</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 11 - FIXED ASSETS

CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets not being depreciated					
Land	\$ 1,870,876			48,998	\$ 1,919,874
Construction in progress	6,897,344	\$ 2,647,077	\$ (96,442)	\$ -	9,447,979
Total capital assets not being depreciated	8,768,220	2,647,077	(96,442)	48,998	11,367,853
Other capital assets:					
Infrastructure	135,586,471	223,904	-	-	135,810,375
Building	17,516,962	64,862	-	2,107,289	19,689,113
Equipment and furniture	12,746,879	740,565	(10,620)	673,985	14,150,809
Improvements	28,881,752	-	-	334,039	29,215,791
Total other capital assets at historical cost	194,732,064	1,029,331	(10,620)	3,115,313	198,866,088
Less accumulated depreciation for					
Infrastructure	(65,516,327)	(3,365,146)	-	-	(68,881,473)
Building	(8,885,400)	(478,083)	-	(1,835,776)	(11,199,259)
Equipment and furniture	(10,042,327)	(736,101)	10,620	(411,667)	(11,179,475)
Improvements	(12,492,977)	(1,186,520)	-	(312,268)	(13,991,765)
Total accumulated depreciation	(96,937,031)	(5,765,850)	10,620	(2,559,711)	(105,251,972)
Other capital assets, net	97,795,033	(4,736,519)	-	555,602	93,614,116
Governmental capital assets, net	\$ 106,563,253	\$ (2,089,442)	\$ (96,442)	\$ 604,600	\$ 104,981,969
Business-type activities:					
Capital assets not being depreciated					
Construction in progress	\$ 109,658	\$ 44,288	\$ -	\$ (109,658)	\$ 44,288
Land	2,052,372	-	-	-	2,052,372
Land Improvements	1,750,227	-	-	-	1,750,227
Total capital assets not being depreciated	3,912,257	44,288	-	(109,658)	3,846,887
Other capital assets:					
Buildings	5,514,364	-	-	-	5,514,364
Equipment	8,366,488	563,735	-	-	8,930,223
Improvements	20,704,401	954,359	-	109,658	21,768,418
Total other capital assets at historical cost	34,585,253	1,518,094	-	109,658	36,213,005
Less accumulated depreciation for					
Building	(4,387,642)	(61,939)	-	-	(4,449,581)
Equipment	(6,344,014)	(316,652)	-	-	(6,660,666)
Improvements	(5,217,904)	(748,983)	-	-	(5,966,887)
Total accumulated depreciation	(15,949,560)	(1,127,574)	-	-	(17,077,134)
Other capital assets, net	18,635,693	390,520	-	109,658	19,135,871
Business-type activities capital assets, net	\$ 22,547,950	\$ 434,808	\$ -	\$ -	\$ 22,982,758
Depreciation expense was charged to function as follows:					
Governmental activities:					
General government	\$	1,016,951			
Public safety		1,207,812			
Public works		2,306,176			
Health and welfare		116,341			
Culture and recreation		1,118,570			
Total governmental activities depreciation expense	\$	5,765,850			
Business type activities:					
Reduction and Transfer	\$	982,794			
Kemper William Park		79,387			
Small Animal Control		65,393			
Total business-type activities depreciation expense	\$	1,127,574			

Transfers of capital assets related to governmental activities include transfers of \$3,115,313 in capital assets with \$2,559,711 of accumulated depreciation from the abolishment of St. Mary Parish Hospital Service District #3. Additions include \$64,862 from major repairs performed by St. Mary Parish Fire Protection District #7.

NOTE 12 - LONG TERM DEBT

As of December 31, 2018, 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, 2018, 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

\$1,680,000

\$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.

5,720,000

\$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.

203,000

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.

1,730,000

NOTE 12 - 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.	\$ 815,000
\$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.	95,000
\$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.	2,380,000
Plus original issue premium, amortized on straight-line basis	33,376
\$10,000,000 of Limited Tax Revenue Bonds, Series 2018 were issued on June 1, 2018 to improve roads, streets and bridges including drainage and other improvements associated therein. The bonds bear interest at 3.83 percent and are payable through 2038. These bonds are being retired from the Certificates of Indebtedness Sinking Funds.	10,000,000
Accrued compensated absences-all noncurrent	<u>242,000</u>
Total Governmental Activity Debt	<u>\$22,898,376</u>

NOTE 12 - LONG TERM DEBT (continued)

Business-type Activities:

As of December 31, 2018, 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 \$695,000

\$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 545,124

\$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 3,075,000

Total Enterprise Indebtedness \$10,325,124

NOTE 12 - LONG TERM DEBT (continued)

At December 31, 2018, \$12,010,000 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

Long-term liability activity for the year ended December 31, 2018, 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	\$ 8,086,000		\$ (483,000)	\$ 7,603,000	\$ 505,000
Revenue bonds	6,100,000	\$ 10,000,000	(1,080,000)	15,020,000	1,220,000
Original issue premium	39,376	-	(6,000)	33,376	6,000
Total bonds payable	<u>14,225,376</u>	<u>10,000,000</u>	<u>(1,569,000)</u>	<u>22,656,376</u>	<u>1,731,000</u>
Other liabilities:					
Compensated absences	230,000	12,000	-	242,000	-
Total other liabilities	<u>230,000</u>	<u>12,000</u>	<u>-</u>	<u>242,000</u>	<u>-</u>
Governmental activities long-term liabilities	<u>\$ 14,455,376</u>	<u>\$ 10,012,000</u>	<u>\$ (1,569,000)</u>	<u>\$ 22,898,376</u>	<u>\$ 1,731,000</u>
Business-type Activities					
Bonds payable:					
Landfill debt	\$ 10,575,000		\$ (795,000)	\$ 9,780,000	\$ 830,000
Original issue premium	609,124	-	(64,000)	545,124	64,000
Business-type activities long-term liabilities	<u>\$ 11,184,124</u>	<u>\$ -</u>	<u>\$ (859,000)</u>	<u>\$ 10,325,124</u>	<u>\$ 894,000</u>

NOTE 12 - LONG TERM DEBT (continued)

Debt Maturity

Debt service requirements (excluding compensated absences and premiums or discounts) at December 31, 2018 were as follows:

Year Ended December 31,	Governmental Activities - Bonds			
	General Obligation		Revenue Bonds	
	Principal	Interest	Principal	Interest
2019	\$ 505,000	\$ 297,191	\$ 1,220,000	\$ 688,422
2020	533,000	278,251	1,095,000	463,888
2021	555,000	258,239	955,000	435,520
2022	510,000	240,494	1,050,000	407,186
2023	540,000	219,894	1,085,000	376,162
2024-2028	3,110,000	752,470	3,295,000	1,465,636
2029-2033	1,850,000	144,882	2,860,000	944,667
2034-2038	-	-	3,460,000	341,445
Total	<u>\$ 7,603,000</u>	<u>\$ 2,191,421</u>	<u>\$ 15,020,000</u>	<u>\$ 5,122,926</u>

	Business-type Activities Solid Waste		Council's Total Debt		
	Landfill Debt		Principal	Interest	Total
	Principal	Interest			
2019	\$ 830,000	\$ 339,769	\$ 2,555,000	\$ 1,325,382	\$ 3,880,382
2020	855,000	312,709	2,483,000	1,054,848	3,537,848
2021	880,000	287,726	2,390,000	981,485	3,371,485
2022	905,000	265,407	2,465,000	913,087	3,378,087
2023	930,000	241,269	2,555,000	837,325	3,392,325
2024-2028	5,380,000	637,880	11,785,000	2,855,986	14,640,986
2029-2033	-	-	4,710,000	1,089,549	5,799,549
2034-2038	-	-	3,460,000	341,445	3,801,445
	<u>\$ 9,780,000</u>	<u>\$ 2,084,760</u>	<u>\$ 32,403,000</u>	<u>\$ 9,399,107</u>	<u>\$ 41,802,107</u>

NOTE 13- 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, 2018, the gradall and tractors are reported at \$389,713 (\$519,623 less \$129,910 for accumulated depreciation) in the Statement of Net Position as equipment and furniture.

In the year 2018 \$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, 2018 is as follows:

Year ending December 31

2019	\$ 114,978
2020	114,978
2021	<u>114,978</u>
Total minimum lease payments	\$344,934
Less: Interest portion	<u>(17,934)</u>
Present value of minimum lease payments	<u>\$327,000</u>

NOTE 14 - 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 2018 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 \$1,032,511 at December 31, 2018.

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.

At December 31, 2018, \$1,032,511 of conduit debt was outstanding.

NOTE 15 - 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, 2018.

Total revenues for the year ended April 30, 2018, were approximately \$236,000; total expenditures were approximately \$476,000. 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, 2018, 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, 2018, which is available from the Clerk of the St. Mary Parish Council. Total revenues for the year ended September 30, 2018, were approximately \$10,000; total expenditures were approximately \$11,000. At September 30, 2018, total assets were approximately \$41,000 and the total fund balance was approximately \$38,000.

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 \$109,000 through 2018. 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 \$122,000 in 2018.

NOTE 16 - PENSION PLAN

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 16 - PENSION PLAN (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.

NOTE 16 - PENSION PLAN (continued)

Contributions

According to state statute, contributions for all employers are actuarially determined each year. For the year ended December 31, 2017, the actuarially determined contribution rate was 9.35% of member's compensation. However, the actual rate for the fiscal year ending December 31, 2017 was 12.5%. Contributions to the Pension Plan from the Council were \$687,935 for the year ended December 31, 2018.

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, 2018, the Council reported an asset at \$681,547 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2017, and the total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuations as of that date. The Council's proportion of the net pension liability (asset) 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, 2017, the Council's proportion was 0.91822%, which was a decrease of 0.07308% from its proportion measured as of December 31, 2016. For the year ended December 31, 2018, the Council recognized pension expense of \$842,125. The Council recognized revenue of \$68,265 as its proportionate share of non-employer contributions for the year ended December 31, 2018.

NOTE 16 - PENSION PLAN (continued)

At December 31, 2018, 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		\$441,181
Changes of assumptions	\$860,214	
Net difference between projected and actual investment earnings on pension plan investments		1,574,571
Change in proportion and differences between fund's contributions and proportionate share of contributions		29,022
Fund's contributions subsequent to the measurement date	<u>637,812</u>	<u> </u>
	<u>\$1,498,026</u>	<u>\$2,044,774</u>

The Council's amount reported as deferred outflows of revenues from contributions subsequent to the measurement date will be recognized as a reduction of net pension liability (or an increase in net pension asset) in the year ended December 31, 2018.

NOTE 16 - PENSION PLAN (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:	
2018	\$ 91,315
2019	(113,633)
2020	(538,171)
2021	(624,071)

Actuarial Assumptions

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

Valuation Date	December 31, 2017
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	6.75% (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 16 - PENSION PLAN (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 7.62% for the year ended December 31, 2017.

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, 2017 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Fixed Income	35%	1.24%
Equity	52%	3.57%
Alternatives	11%	0.69%
Real Assets	2%	0.12%
Totals	100%	5.62%
Inflation		2.0%
Expected Arithmetic Nominal Return		7.62%

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. 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 16 - PENSION PLAN (continued)

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

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

	1% Decrease <u>(5.75%)</u>	Current Discount Rate <u>(6.75%)</u>	1% Increase <u>(7.75%)</u>
Council's Proportionate Share of Net Pension Liability (Asset)	\$3,360,273	(\$681,547)	(\$4,280,521)

The Parochial Employees' Retirement System of Louisiana issued a stand-alone audit report on its financial statements for the year ended December 31, 2017. 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.

NOTE 17 –OTHER POSTEMPLOYMENT BENEFITS

General Information about the OPEB Plan

Plan description – The St. Mary Parish Council (the Council) provides certain continuing health care and life insurance benefits for its retired employees. The St. Mary Parish’s OPEB Plan (the OPEB Plan) is a single-employer defined benefit OPEB plan administered by the Council. The authority to establish and/or amend the obligation of the employer, employees and retirees rests with the Council. No assets are accumulated in a trust that meets the criteria in Governmental Accounting Standards Board (GASB) Codification Section P52 *Postemployment Benefits Other Than Pensions—Reporting For Benefits Not Provided Through Trusts That Meet Specified Criteria—Defined Benefit*.

Benefits Provided – Medical benefits are provided through a comprehensive medical plan and are made available to employees upon actual retirement. Most employees are covered by the Parochial Employees' Retirement System of Louisiana, whose retirement eligibility (D.R.O.P. entry) provisions are as follows: 30 years of service at any age; age 55 and 25 years of service; age 60 and 10 years of service; or, age 65 and 7 years of service. For employees hired on and after January 1, 2007, retirement eligibility (D.R.O.P. entry) provisions are as follows: age 55 and 30 years of service; age 62 and 10 years of service; or, age 67 and 7 years of service.

Employees covered by benefit terms – At December 31, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	68
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>166</u>
	<u>234</u>

Total OPEB Liability

The Parish’s total OPEB liability of \$16,691,651 was measured as of December 31, 2018 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and other inputs – The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5%
Salary increases	4.0%, including inflation
Discount rate	3.44% annually (Beginning of Year to Determine ADC)
	4.10%, annually (As of End of Year Measurement Date)
Healthcare cost trend rates	Flat 5.5% annually

The discount rate was based on the average of the Bond Buyers' 20 Year General Obligation municipal bond index as of December 31, 2018, the end of the applicable measurement period.

Mortality rates were based on the RP-2000 Table without projection with 50%/50% unisex blend.

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of ongoing evaluations of the assumptions from January 1, 2009 to December 31, 2018.

NOTE 17 –OTHER POSTEMPLOYMENT BENEFITS (continued)

Changes in the Total OPEB Liability

Balance at December 31, 2017	\$ 17,870,440
Changes for the year:	
Service cost	544,183
Interest	604,744
Differences between expected and actual experience	(85,358)
Changes in assumptions	(1,661,026)
Benefit payments and net transfers	(581,332)
Net changes	<u>(1,178,789)</u>
Balance at December 31, 2018	<u>\$ 16,691,651</u>

Changes of Assumptions. The discount rate as of December 31, 2017 was 3.44% and it changed to 4.10% as of December 31, 2018.

Sensitivity of the total OPEB liability to changes in the discount rate – The following presents the total OPEB liability of the Parish, as well as what the Parish’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.10%) or 1-percentage-point higher (5.10%) than the current discount rate:

	1.0% Decrease (3.10%)	Current Discount Rate (4.10%)	1.0% Increase (5.10%)
Total OPEB liability	\$ 19,386,689	\$ 16,691,651	\$ 14,513,290

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates – The following presents the total OPEB liability of the Parish, as well as what the Parish’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (4.5%) or 1-percentage-point higher (6.5%) than the current healthcare trend rates:

	1.0% Decrease (4.5%)	Current Trend (5.5%)	1.0% Increase (6.5%)
Total OPEB liability	\$ 14,468,093	\$ 16,691,651	\$ 19,416,003

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2018, the Parish recognized OPEB expense of \$1,003,395. At December 31, 2018, the Parish reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	-	\$ (78,245)
Changes in assumptions	-	<u>(1,522,607)</u>
Total	<u>-</u>	<u>\$ (1,600,852)</u>

NOTE 17 - OTHER POSTEMPLOYMENT BENEFITS (continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Years ending December 31:</u>	
2019	\$(145,532)
2020	(145,532)
2021	(145,532)
2022	(145,532)
2023	(145,532)
Thereafter	(873,192)

NOTE 18 - 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 \$1,400,000 annually.

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 2018 is approximately \$17,330,000. The Council will continue to conduct these projects in future years.

In 2018 the Council issued \$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. The Council has entered into approximately \$5,600,000 in contracts for work related to seven roadways approximately \$400,000 was spent on these roadways in 2018, the remaining construction is to be completed in 2019.

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

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

Area 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 2018 management, with the assistance of consulting engineers, has re-estimated costs for closure of the landfill to be approximately \$7,890,000. In 2018 the costs for postclosure care, monitoring, and containment have been estimated to be approximately \$1,830,000 (\$61,000 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, 2018, the Council has recognized \$4,950,000 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 - 30%, and Area 4 - 31%. This leaves approximately \$4,770,000 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 years at the current rate of use.

NOTE 19 - 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 \$4,045,000 in restricted assets for closure or post closure care costs, which is reported with restricted assets on the balance sheet of the Reduction and Transfer Fund.

NOTE 20 - RELATED PARTY

The Council received payment from the St. Mary Parish Sales Tax Department of approximately \$10,000 for office rental payments in 2018.

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

St. Mary Parish Recreation District No. 3	\$107,327
St. Mary Parish Recreation District No. 4	52,371
Wax Lake East Drainage District	4,364

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	\$31,000
Water & Sewer District No. 4	1,875

Payments from Fairview Treatment Center for 2018 were as follows:

St. Mary Hospital Service District No. 3	\$157,000
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Payments from Clair House for 2018 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 10 for the amounts payable and receivable accounts Components at December 31, 2018.

NOTE 21 - RISK MANAGEMENT AND CONTINGENCIES

The Council is exposed to various risks of loss related to torts, theft or damage to assets, errors and omissions, injuries to employees and natural disasters. 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. The Council has 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 2018 the Council paid \$700,000 and was reimbursed \$106,000 by the Sheriff under this agreement. In 2018, the Council paid an additional \$44,000 for hospitalization or other serious medical care.

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.

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 22 – SUBSEQUENT EVENT

In April of 2019, the Council authorized the issuance of \$11,500,000 of Revenue Bonds. The proceeds of these bonds will be used for funding qualified GoMESA Projects within the parish and paying the cost of issuance of the bonds.

NOTE 23 – REISSUANCE OF FINANCIAL STATEMENTS

The Council previously issued its financial statements for the year ended December 31, 2018 with the Independent Auditors' Report dated June 27, 2019.

Subsequent to the issuance of those financial statements it was discovered that the activities of a partially Federally funded construction grant were omitted from the financial statements.

Accordingly the Council's management revised its financial statements to include those activities. The Council is reissuing its December 31, 2018 financial statements with an updated Independent Auditors' Report dated September 6, 2019. The opinions in the updated auditors' report dated September 6, 2019 do not differ from the opinions in the original report.

REQUIRED SUPPLEMENTAL INFORMATION

ST. MARY PARISH COUNCIL

SCHEDULE OF THE COUNCIL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
 Parochial Employees Retirement System of Louisiana (Plan A)
 as of December 31, 2017 (The Plan Measurement Date)

	<u>December 31, 2017</u>	<u>December 31, 2016</u>	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Council's Proportion of the net pension liability (asset)	0.918222%	0.993347%	1.105679%	1.067676%
Amount of council's Proportionate share of the net pension liability (asset)	\$ (681,547)	\$ 2,041,589	\$ 2,913,768	\$ 301,282
Council's covered-employee payroll	5,586,519	6,080,187	6,346,977	6,035,133
Council's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-12.20%	33.58%	45.91%	4.99%
Plan fiduciary net position as a percentage of the total pension liability	101.98%	94.15%	99.15%	99.15%

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

ST. MARY PARISH COUNCIL

SCHEDULE OF COUNCIL'S CONTRIBUTIONS
 Parochial Employees Retirement System of Louisiana (Plan) A
 For the Year Ended December 31, 2018

	<u>December 31, 2018</u>	<u>December 31, 2017</u>	<u>December 31, 2016</u>	<u>December 31, 2015</u>
Contractually required contribution	\$ 658,284	\$ 698,309	\$ 767,238	\$ 919,881
Contributions in relation to the contractually required contribution	<u>(658,284)</u>	<u>(698,309)</u>	<u>(767,238)</u>	<u>(919,881)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	5,724,217	5,586,519	6,080,187	6,343,977
Contribution as a percentage of covered employee payroll	11.50%	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
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
For the Year Ended December 31, 2018

Total OPEB Liability	
Service cost	\$ 544,183
Interest	604,744
Changes of benefit terms	-
Differences between expected and actual experience	(85,358)
Changes of assumptions	(1,661,026)
Benefit payments	<u>(581,332)</u>
Net change in total OPEB liability	(1,178,789)
Total OPEB liability - beginning	<u>17,870,440</u>
Total OPEB liability - ending	<u><u>\$ 16,691,651</u></u>
Covered-employee payroll	\$ 5,338,820
Net OPEB liability as a percentage of covered-employee payroll	312.65%

Notes to Schedule:

No assets are accumulated in a trust that meets the criteria of GASB No. 75, paragraph 4.

Benefit Changes. There were no changes of benefit terms for the year ended December 31, 2018.

Changes of Assumptions. The discount rate as of 12/31/2017 was 3.44% and it changed to 4.10% as of 12/31/2018.

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

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, 2018

	Special Revenue <u>Funds</u>	Debt Service <u>Funds</u>	Total Nonmajor Governmental <u>Funds</u>
ASSETS			
Cash and cash equivalents	\$ 419,561	\$ 3,504,095	\$ 3,923,656
Investments	759,157	34,206	793,363
Receivables (net of allowances for uncollectibles)	302,741		302,741
Due from other governments	946,908	468,416	1,415,324
Advance to other funds	1,404,471		1,404,471
Other assets	204		204
Total assets	<u>\$ 3,833,042</u>	<u>\$ 4,006,717</u>	<u>\$ 7,839,759</u>
LIABILITIES AND FUND EQUITY			
Liabilities			
Accounts payable	\$ 273,670		\$ 273,670
Accrued liabilities	49,152		49,152
Advance from other funds	432,076	\$ 328,000	760,076
Total liabilities	<u>754,898</u>	<u>328,000</u>	<u>1,082,898</u>
Deferred inflows of resources	<u>70,405</u>	-	<u>70,405</u>
Total liabilities and deferred inflows	<u>825,303</u>	<u>328,000</u>	<u>1,153,303</u>
Fund equity			
Fund balances			
Restricted for			
Use in specific geographic areas	1,131,139		1,131,139
Debt services		2,331,576	2,331,576
Assigned for			
General Government	285,537		285,537
Public safety	134,507		134,507
Culture & recreation	314,605		314,605
Health & welfare	673,826		673,826
Urban redevelopment & housing	5,521		5,521
Debt services		1,347,141	1,347,141
Unassigned	462,604		462,604
Total fund equity	<u>3,007,739</u>	<u>3,678,717</u>	<u>6,686,456</u>
Total liabilities and fund equity	<u>\$ 3,833,042</u>	<u>\$ 4,006,717</u>	<u>\$ 7,839,759</u>

ST. MARY PARISH COUNCIL

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds - By Fund Type
For the Year Ending December 31, 2018

	Special Revenue <u>Funds</u>	Debt Service <u>Funds</u>	Total Nonmajor Governmental <u>Funds</u>
REVENUES			
Taxes			
Sales and use	\$ 1,541,552	\$ 1,744,052	\$ 3,285,604
Ad Valorem		135,409	135,409
Intergovernmental revenues			
Federal	1,215,014		1,215,014
Medicaid	2,318,435		2,318,435
State	433,056		433,056
Local	148,544		148,544
Riverboat fees	1,400,000		1,400,000
Licenses & Permits	21,870		21,870
Fees, Charges, & Commission	162,263		162,263
Investment earnings & interest	42,204	45,006	87,210
Other revenues	4,992		4,992
	<u>7,287,930</u>	<u>1,924,467</u>	<u>9,212,397</u>
EXPENDITURES			
Current:			
General government	251,039		251,039
Public safety	2,215,504		2,215,504
Public works	203,901		203,901
Culture & Recreation	385,984		385,984
Health & Welfare	3,592,268		3,592,268
Urban redevelopment & housing	389,719		389,719
Capital outlay	39,000		39,000
Debt service			
Principal		1,563,000	1,563,000
Interest		448,559	448,559
Fees		75,883	75,883
	<u>7,077,415</u>	<u>2,087,442</u>	<u>9,164,857</u>
Excess (deficiency) of revenues over (under) expenditures	<u>210,515</u>	<u>(162,975)</u>	<u>47,540</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from refunding bonds		10,000,000	10,000,000
Operating transfers in	1,531,515	1,326,365	2,857,880
Operating transfers out	<u>(1,826,365)</u>	<u>(11,096,317)</u>	<u>(12,922,682)</u>
	<u>(294,850)</u>	<u>230,048</u>	<u>(64,802)</u>
Excess of revenues and other sources over expenditures and other uses	<u>(84,335)</u>	<u>67,073</u>	<u>(17,262)</u>
Fund balance at beginning of year	3,092,074	3,611,644	6,703,718
Fund balance at end of year	<u>\$ 3,007,739</u>	<u>\$ 3,678,717</u>	<u>\$ 6,686,456</u>

ST. MARY PARISH COUNCIL

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

GAMING RECEIPT FUND

The Gaming Receipt Fund is used to account for 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.

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, 2018

	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	\$ 115	\$ 85,597			\$ 150,840	\$ 161,611		\$ 59
Investments				\$ 732,396	25,587	956		
Accounts receivable				59,688	73,278	159,326	\$ 1,410	45
Due from other governments							89,535	
Advance to other funds	472,493		\$ 199,940		283,594		141,597	
Other assets								
Total assets	<u>\$ 472,608</u>	<u>\$ 85,597</u>	<u>\$ 199,940</u>	<u>\$ 792,084</u>	<u>\$ 533,299</u>	<u>\$ 321,893</u>	<u>\$ 232,542</u>	<u>\$ 104</u>
LIABILITIES AND FUND EQUITY								
Liabilities								
Accounts payable	\$ 10,603			\$ 8,164	\$ 12,438	\$ 187,386	\$ 11,823	\$ 27
Accrued liabilities					758		13,584	
Advance from other funds				172,884			248,555	
Total liabilities	<u>10,603</u>	<u>-</u>	<u>-</u>	<u>181,048</u>	<u>13,196</u>	<u>187,386</u>	<u>273,962</u>	<u>27</u>
Deferred inflows of resources								
Total liabilities and deferred inflows	<u>10,603</u>	<u>-</u>	<u>-</u>	<u>181,048</u>	<u>13,196</u>	<u>187,386</u>	<u>273,962</u>	<u>27</u>
Fund equity (deficit)								
Fund balances (deficits)								
Restricted for use in specific geographic areas				611,036	520,103			
Assigned for								
General government		85,597	199,940					
Public safety						134,507		
Culture & Recreation								
Health & Welfare							(41,420)	77
Urban redevelopment & housing								
Unassigned	462,005							
Total fund equity (deficit)	<u>462,005</u>	<u>85,597</u>	<u>199,940</u>	<u>611,036</u>	<u>520,103</u>	<u>134,507</u>	<u>(41,420)</u>	<u>77</u>
Total liabilities and fund equity	<u>\$ 472,608</u>	<u>\$ 85,597</u>	<u>\$ 199,940</u>	<u>\$ 792,084</u>	<u>\$ 533,299</u>	<u>\$ 321,893</u>	<u>\$ 232,542</u>	<u>\$ 104</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, 2018

	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	\$ 15,301	\$ 5,838				\$ 200	\$ 419,561
Investments	218						759,157
Accounts receivable		2,955			\$ 6,039		302,741
Due from other governments			\$ 14,907		618,666	223,800	946,908
Advance to other funds	299,962			\$ 6,885			1,404,471
Other assets						204	204
Total assets	<u>\$ 315,481</u>	<u>\$ 8,793</u>	<u>\$ 14,907</u>	<u>\$ 6,885</u>	<u>\$ 624,705</u>	<u>\$ 224,204</u>	<u>\$ 3,833,042</u>
LIABILITIES AND FUND EQUITY							
Liabilities							
Accounts payable	\$ 876	\$ 3,272	\$ 771	\$ 58	\$ 30,834	\$ 7,418	\$ 273,670
Accrued liabilities			2,900		31,910		49,152
Advance from other funds			10,637				432,076
Total liabilities	<u>876</u>	<u>3,272</u>	<u>14,308</u>	<u>58</u>	<u>62,744</u>	<u>7,418</u>	<u>754,898</u>
Deferred inflows of resources					70,405		70,405
Total liabilities and deferred inflow:	<u>876</u>	<u>3,272</u>	<u>14,308</u>	<u>58</u>	<u>133,149</u>	<u>7,418</u>	<u>825,303</u>
Fund equity (deficit)							
Fund balances (deficits)							
Restricted for use in specific geographic areas							1,131,139
Assigned for							
General government							285,537
Public safety							134,507
Culture & Recreation	314,605						314,605
Health & Welfare				6,827	491,556	216,786	673,826
Urban redevelopment & housing		5,521					5,521
Unassigned			599				462,604
Total fund equity (deficit)	<u>314,605</u>	<u>5,521</u>	<u>599</u>	<u>6,827</u>	<u>491,556</u>	<u>216,786</u>	<u>3,007,739</u>
Total liabilities and fund equity	<u>\$ 315,481</u>	<u>\$ 8,793</u>	<u>\$ 14,907</u>	<u>\$ 6,885</u>	<u>\$ 624,705</u>	<u>\$ 224,204</u>	<u>\$ 3,833,042</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, 2018

	Gaming Receipt <u>Fund</u>	Witness Fee <u>Fund</u>	Juror Compensation <u>Fund</u>	Wards 5 & 8 Sales Tax <u>Fund</u>	Wards 1,2,3,4,7 & 10 Sales Tax <u>Fund</u>	Jail Operating & Maint. <u>Fund</u>	16th JDC- St. Mary Parish Drug Court <u>Fund</u>	Job Readiness Program <u>Fund</u>
REVENUES								
Taxes								
Sales and use				\$ 291,814	\$ 408,658	\$ 841,080		
Intergovernmental revenues								
Federal							\$ 155,345	
Medicaid								
State							371,129	
Local						106,265	42,279	
Riverboat fees	\$ 1,400,000							
Licenses & Permits								
Fees, Charges, & Commission		\$ 54,356	\$ 46,680			2,322	17,644	\$ 1,015
Investment earnings & interest	14,181			14,153	8,180	1,847		
Other revenues	4,242				750			
Total revenues	<u>1,418,423</u>	<u>54,356</u>	<u>46,680</u>	<u>305,967</u>	<u>417,588</u>	<u>951,514</u>	<u>586,397</u>	<u>1,015</u>
EXPENDITURES								
Current:								
General government	187,149	48,140	15,750					
Public safety	95,184			10,000	55,441	2,054,879		
Public works				61,631	142,270			
Culture & Recreation	73,320			163,698	146,878			
Health & Welfare	1,130				18,069		585,538	5,192
Urban redevelopment & Housing								
Capital outlay								
Total expenditures	<u>356,783</u>	<u>48,140</u>	<u>15,750</u>	<u>235,329</u>	<u>362,658</u>	<u>2,054,879</u>	<u>585,538</u>	<u>5,192</u>
Excess (deficiency) of revenues over (under) expenditures	1,061,640	6,216	30,930	70,638	54,930	(1,103,365)	859	(4,177)
OTHER FINANCING SOURCES								
Operating transfers in		6,515				1,525,000		
Operating transfers out	(1,133,634)			(175,000)		(452,731)		
Total other financing sources (uses)	<u>(1,133,634)</u>	<u>6,515</u>	<u>-</u>	<u>(175,000)</u>	<u>-</u>	<u>1,072,269</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(71,994)	12,731	30,930	(104,362)	54,930	(31,096)	859	(4,177)
Fund balance (deficits) at beginning 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>
Fund balance (deficits) at end of year	<u>\$ 462,005</u>	<u>\$ 85,597</u>	<u>\$ 199,940</u>	<u>\$ 611,036</u>	<u>\$ 520,103</u>	<u>\$ 134,507</u>	<u>\$ (41,420)</u>	<u>\$ 77</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, 2018

	<u>Boat Landing Permit Fund</u>	<u>Housing Program</u>	<u>DWI Court</u>	<u>DWI Court - Patient Fee Fund</u>	<u>Fairview Treatment Center</u>	<u>Claire House</u>	<u>Total Nonmajor Special Revenue Funds</u>
REVENUES							
Taxes							
Sales and use							\$ 1,541,552
Intergovernmental revenues							
Federal		\$ 389,481			\$ 188,558	\$ 481,630	1,215,014
Medicaid					2,318,435		2,318,435
State			\$ 61,927				433,056
Local							148,544
Riverboat fees							1,400,000
Licenses & Permits	\$ 21,870						21,870
Fees, Charges, & Commission	35,068			\$ 827	4,351		162,263
Investment earnings & interest	3,968		(213)	88			42,204
Other revenues							4,992
Total revenues	<u>60,906</u>	<u>389,481</u>	<u>61,714</u>	<u>915</u>	<u>2,511,344</u>	<u>481,630</u>	<u>7,287,930</u>
EXPENDITURES							
Current:							
General government							251,039
Public safety							2,215,504
Public works							203,901
Culture & Recreation	2,088						385,984
Health & Welfare			64,066	2,835	2,300,279	615,159	3,592,268
Urban redevelopment & Housing		389,719					389,719
Capital outlay	39,000						39,000
Total expenditures	<u>41,088</u>	<u>389,719</u>	<u>64,066</u>	<u>2,835</u>	<u>2,300,279</u>	<u>615,159</u>	<u>7,077,415</u>
Excess (deficiency) of revenues over (under) expenditures	19,818	(238)	(2,352)	(1,920)	211,065	(133,529)	210,515
OTHER FINANCING SOURCES							
Operating transfers in							1,531,515
Operating transfers out					(65,000)		(1,826,365)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(65,000)</u>	<u>-</u>	<u>(294,850)</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	19,818	(238)	(2,352)	(1,920)	146,065	(133,529)	(84,335)
Fund balance (deficits) at beginning 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>
Fund balance (deficits) at end of year	\$ <u>314,605</u>	\$ <u>5,521</u>	\$ <u>599</u>	\$ <u>6,827</u>	\$ <u>491,556</u>	\$ <u>216,786</u>	\$ <u>3,007,739</u>

ST. MARY PARISH COUNCIL

Budgetary Comparison Schedule
Gaming Receipt Fund
For the Year Ended December 31, 2018

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance with Final Budget Positive <u>(Negative)</u>
REVENUES				
Riverboat fees	\$ 1,500,000	\$ 1,400,000	\$ 1,400,000	\$ -
Investment earnings & interest	1,000	6,000	14,181	8,181
Other revenues	<u>3,743</u>	<u>3,743</u>	<u>4,242</u>	<u>499</u>
Total revenues	<u>1,501,000</u>	<u>1,409,743</u>	<u>1,418,423</u>	<u>8,680</u>
EXPENDITURES				
Current:				
General government	187,000	188,366	187,149	1,217
Public safety	96,000	96,000	95,184	816
Culture & Recreation	75,000	73,320	73,320	-
Health & Welfare	<u>1,500</u>	<u>1,500</u>	<u>1,130</u>	<u>370</u>
Total expenditures	<u>359,500</u>	<u>359,186</u>	<u>356,783</u>	<u>2,403</u>
Excess of revenues over expenditures	<u>1,141,500</u>	<u>1,050,557</u>	<u>1,061,640</u>	<u>11,083</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers out				
General Fund	(465,000)	(540,000)	(540,000)	-
Jail Operating & Maintenance Fund	(525,000)	(525,000)	(525,000)	-
Certificate of Indebtedness Sinking Fund	<u>(68,634)</u>	<u>(68,634)</u>	<u>(68,634)</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,058,634)</u>	<u>(1,133,634)</u>	<u>(1,133,634)</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	82,866	(83,077)	(71,994)	11,083
Fund balance at beginning of year	<u>510,169</u>	<u>533,999</u>	<u>533,999</u>	<u>-</u>
Fund balance at end of year	<u>\$ 593,035</u>	<u>\$ 450,922</u>	<u>\$ 462,005</u>	<u>\$ 11,083</u>

ST. MARY PARISH COUNCIL

Budgetary Comparison Schedule
 Witness Fee Fund
 For the Year Ended December 31, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive <u>(Negative)</u>
REVENUES				
Fees, Charges, & Commission	\$ 55,000	\$ 55,000	\$ 54,356	\$ (644)
Total revenues	<u>55,000</u>	<u>55,000</u>	<u>54,356</u>	<u>(644)</u>
EXPENDITURES				
Current:				
General government				
Witness Fees	25,000	20,000	18,760	1,240
Payment to 16th JDC Crimnal Court Fund		<u>29,380</u>	<u>29,380</u>	<u>-</u>
Total expenditures	<u>25,000</u>	<u>49,380</u>	<u>48,140</u>	<u>1,240</u>
Excess (deficiency) of revenues over (under) expenditures	<u>30,000</u>	<u>5,620</u>	<u>6,216</u>	<u>596</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in				
General Fund		<u>6,515</u>	<u>6,515</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>6,515</u>	<u>6,515</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	30,000	12,135	12,731	(596)
Fund balance at beginning of year	<u>80,000</u>	<u>72,866</u>	<u>72,866</u>	<u>-</u>
Fund balance at end of year	<u>\$ 110,000</u>	<u>\$ 85,001</u>	<u>\$ 85,597</u>	<u>\$ 596</u>

ST. MARY PARISH COUNCIL

Budgetary Comparison Schedule
 Juror Compensation Fund
 For the Year Ended December 31, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive <u>(Negative)</u>
REVENUES				
Fees, Charges, & Commission	\$ 50,000	\$ 50,000	\$ 46,680	\$ (3,320)
Total revenues	<u>50,000</u>	<u>50,000</u>	<u>46,680</u>	<u>(3,320)</u>
EXPENDITURES				
Current:				
General government	<u>35,000</u>	<u>15,000</u>	<u>15,750</u>	<u>(750)</u>
Total expenditures	<u>35,000</u>	<u>15,000</u>	<u>15,750</u>	<u>(750)</u>
Excess revenues over expenditures	15,000	35,000	30,930	(4,070)
Fund balance at beginning of year	<u>163,630</u>	<u>169,010</u>	<u>169,010</u>	<u>-</u>
Fund balance at end of year	<u>\$ 178,630</u>	<u>\$ 204,010</u>	<u>\$ 199,940</u>	<u>\$ (4,070)</u>

ST. MARY PARISH COUNCIL

Budgetary Comparison Schedule
Wards 5 & 8 Sales Tax Fund
For the Year Ended December 31, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes				
Sales and use	\$ 220,000	\$ 270,000	\$ 291,814	\$ 21,814
Investment earnings & interest	2,500	12,500	14,153	1,653
Total revenues	<u>222,500</u>	<u>282,500</u>	<u>305,967</u>	<u>23,467</u>
EXPENDITURES				
Current:				
General government	3,300	3,300		3,300
Public safety				
Fire fighting	10,000	10,000	10,000	-
Public works				
Street lighting	55,000	55,000	57,267	(2,267)
Wax Lake East Drainage District	12,000	18,000	4,364	13,636
Culture & Recreation				
Town of Berwick	3,000	3,000	3,000	-
Other	2,700	2,700	1,000	1,700
Recreation District #3	108,000	108,000	107,327	673
Recreation District #4	50,000	58,000	52,371	5,629
Health & Welfare				
Hospital District No. 3	125,000			-
Total expenditures	<u>369,000</u>	<u>258,000</u>	<u>235,329</u>	<u>22,671</u>
Excess (deficiency) of revenues over (under) expenditures	(146,500)	24,500	70,638	46,138
OTHER FINANCING SOURCES (USES)				
Operating transfer out				
General Fund	-	(125,000)	(125,000)	-
Kemper Williams Park	-	(50,000)	(50,000)	-
Total other financing sources (uses)	<u>-</u>	<u>(175,000)</u>	<u>(175,000)</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(146,500)	(150,500)	(104,362)	46,138
Fund balance at beginning of year	<u>663,389</u>	<u>715,398</u>	<u>715,398</u>	<u>-</u>
Fund balance at end of year	<u>\$ 516,889</u>	<u>\$ 564,898</u>	<u>\$ 611,036</u>	<u>\$ 46,138</u>

ST. MARY PARISH COUNCIL

Budgetary Comparison Schedule
 Wards 1, 2, 3, 4, 7, & 10 Sales Tax Fund
 For the Year Ended December 31, 2018

	<u>Original</u> <u>Budget</u>	<u>Final</u> <u>Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes				
Sales and use	\$ 350,000	\$ 390,000	\$ 408,658	\$ 18,658
Investment earnings & interest	1,500	7,500	8,180	680
Other revenues			750	750
Total revenues	<u>351,500</u>	<u>397,500</u>	<u>417,588</u>	<u>20,088</u>
EXPENDITURES				
Current:				
Public safety				
Fire fighting	55,523	55,523	55,441	82
Public works				
Water & Sewer #4		3,250	1,875	1,375
Water & Sewer #5		500		500
Street lighting	127,500	127,500	140,395	(12,895)
Culture & Recreation				
Elizabeth B. Davis Park	68,752	41,252	24,991	16,261
Hebert-Washington Park	63,813	35,813	33,184	2,629
City of Franklin	8,334	19,134	19,133	1
St. Joseph Recreation Area	6,825	7,385	6,698	687
Recreation District #5		18,000	-	18,000
Recreation District #7	30,000	31,000	31,000	-
Sorrell Park	500	500	372	128
Enrichment Programs	23,000	28,000	28,000	-
Other	1,000	3,500	3,500	-
Health & Welfare				
St. Mary Community Action Agency	2,500	2,500		2,500
Save Our Children Mentoring Program	14,960	14,960	14,960	-
General Assistance	2,000	3,500	3,109	391
Total expenditures	<u>404,707</u>	<u>392,317</u>	<u>362,658</u>	<u>29,659</u>
Excess (deficiency) of revenues over (under) expenditures	(53,207)	5,183	54,930	49,747
Fund balance at beginning of year	<u>298,389</u>	<u>465,173</u>	<u>465,173</u>	-
Fund balance at end of year	<u>\$ 245,182</u>	<u>\$ 470,356</u>	<u>\$ 520,103</u>	<u>\$ 49,747</u>

ST. MARY PARISH COUNCIL

Budgetary Comparison Schedule
Jail Operating & Maintenance Fund
For the Year Ended December 31, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive <u>(Negative)</u>
REVENUES				
Taxes				
Sales and use	\$ 820,000	\$ 810,000	\$ 841,080	\$ 31,080
Local				
Sheriff	120,550	107,550	106,265	(1,285)
Fees, Charges, & Commission	4,000	2,000	2,322	322
Investment earnings & interest		1,500	1,847	347
Total revenues	<u>944,550</u>	<u>921,050</u>	<u>951,514</u>	<u>30,464</u>
EXPENDITURES				
Current:				
Public safety				
Administration	722,000	622,000	562,689	59,311
Adult Correctional Institution	1,315,500	1,294,500	1,244,163	50,337
Cost for Juvenile Prisoners	15,000	15,000	37,201	(22,201)
Adult Correctional Institution - Morgan City Jail	195,000	195,000	210,826	(15,826)
Total expenditures	<u>2,247,500</u>	<u>2,126,500</u>	<u>2,054,879</u>	<u>71,621</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,302,950)</u>	<u>(1,205,450)</u>	<u>(1,103,365)</u>	<u>102,085</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in				
General Fund	1,000,000	1,000,000	1,000,000	-
Gaming Receipt Fund	525,000	525,000	525,000	-
Operating transfers out				
Jail Sinking Fund	(431,173)	(431,173)	(431,172)	(1)
Jail Reserve Fund	(21,559)	(21,559)	(21,559)	-
Total other financing sources (uses)	<u>1,072,268</u>	<u>1,072,268</u>	<u>1,072,269</u>	<u>(1)</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	<u>(230,682)</u>	<u>(133,182)</u>	<u>(31,096)</u>	<u>102,084</u>
Fund balance at beginning of year	<u>247,427</u>	<u>165,603</u>	<u>165,603</u>	<u>-</u>
Fund balance at end of year	<u>\$ 16,745</u>	<u>\$ 32,421</u>	<u>\$ 134,507</u>	<u>\$ 102,086</u>

ST. MARY PARISH COUNCIL

Budgetary Comparison Schedule
16th JDC - St. Mary Parish Drug Court
For the Year Ended December 31, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive <u>(Negative)</u>
REVENUES				
Federal grant	\$ 165,000	\$ 165,000	\$ 155,345	\$ (9,655)
State grant	385,000	385,000	371,129	(13,871)
16th Judicial District grant			42,279	42,279
Patient fees	<u>20,000</u>	<u>20,000</u>	<u>17,644</u>	<u>(2,356)</u>
Total revenues	<u>570,000</u>	<u>570,000</u>	<u>586,397</u>	<u>16,397</u>
EXPENDITURES				
Current				
Health and welfare				
Personal services and benefits	385,708	380,708	373,663	7,045
Operating services	81,422	81,722	92,328	(10,606)
Supplies	19,430	19,130	8,543	10,587
Professional services	52,640	72,640	59,309	13,331
Lab fees	70,000	70,000	48,514	21,486
Travel	5,000	5,000	2,438	2,562
Bad debts			<u>743</u>	<u>(743)</u>
Total expenditures	<u>614,200</u>	<u>629,200</u>	<u>585,538</u>	<u>43,662</u>
Excess (deficiency) of revenues over (under) expenditures	(44,200)	(59,200)	859	60,059
Fund balance (deficit) at beginning of year	<u>(42,279)</u>	<u>(42,279)</u>	<u>(42,279)</u>	<u>-</u>
Fund balance (deficit) at end of year	<u>\$ (86,479)</u>	<u>\$ (101,479)</u>	<u>\$ (41,420)</u>	<u>\$ 60,059</u>

ST. MARY PARISH COUNCIL

Budgetary Comparison Schedule
 Job Readiness Program Fund
 For the Year Ended December 31, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental Revenues				
Federal Grants	\$ 7,000			\$ -
Local Grants	1,800			-
Fees, Charges, & Commission	<u>1,000</u>	\$ <u>1,000</u>	\$ <u>1,015</u>	\$ <u>15</u>
Total Revenues	<u>9,800</u>	<u>1,000</u>	<u>1,015</u>	<u>15</u>
 EXPENDITURES				
Current:				
Health & Welfare	<u>17,360</u>	<u>3,526</u>	<u>5,192</u>	<u>(1,666)</u>
Total expenditures	<u>17,360</u>	<u>3,526</u>	<u>5,192</u>	<u>(1,666)</u>
Excess (deficiency) of revenues over (under) expenditures	(7,560)	(2,526)	(4,177)	(1,651)
Fund balance at the beginning of year	<u>8,604</u>	<u>4,254</u>	<u>4,254</u>	<u>-</u>
Fund balance at the end of year	<u>\$ 1,044</u>	<u>\$ 1,728</u>	<u>\$ 77</u>	<u>\$ (1,651)</u>

ST. MARY PARISH COUNCIL

Budgetary Comparison Schedule
 Boat Landing Permit Fund
 For the Year Ended December 31, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUES				
Licenses & permits	\$ 20,000	\$ 20,000	\$ 21,870	\$ 1,870
Fees, Charges, & Commission	33,250	31,400	35,068	3,668
Investment earnings & interest	500	500	3,968	3,468
Total revenues	<u>53,750</u>	<u>51,900</u>	<u>60,906</u>	<u>9,006</u>
EXPENDITURES				
Current:				
Culture & Recreation	1,500	1,500	2,088	(588)
Capital outlay	<u>105,000</u>	<u>51,000</u>	<u>39,000</u>	<u>12,000</u>
Total expenditures	<u>106,500</u>	<u>52,500</u>	<u>41,088</u>	<u>11,412</u>
Excess of revenues over expenditures	(52,750)	(600)	19,818	20,418
Fund balance at beginning of year	<u>106,671</u>	<u>294,787</u>	<u>294,787</u>	<u>-</u>
Fund balance at end of year	<u>\$ 53,921</u>	<u>\$ 294,187</u>	<u>\$ 314,605</u>	<u>\$ 20,418</u>

ST. MARY PARISH COUNCIL

Budgetary Comparison Schedule
Housing Program
For the Year Ended December 31, 2018

	Original & Final <u>Budget</u>	<u>Actual</u>	Variance with Final Budget Positive <u>(Negative)</u>
REVENUES			
Intergovernmental revenues			
Federal grants	\$ 381,250	\$ 389,481	\$ 8,231
Total revenues	<u>381,250</u>	<u>389,481</u>	<u>8,231</u>
EXPENDITURES			
Current:			
Urban redevelopment & housing			
Housing assistance and administrative	<u>381,250</u>	<u>389,719</u>	<u>(8,469)</u>
Total expenditures	<u>381,250</u>	<u>389,719</u>	<u>(8,469)</u>
Excess (deficiency) of revenues over (under) expenditures	-	(238)	(238)
Fund balance at beginning of year	<u>5,759</u>	<u>5,759</u>	-
Fund balance at end of year	<u>\$ 5,759</u>	<u>\$ 5,521</u>	<u>\$ (238)</u>

ST. MARY PARISH COUNCIL

Budgetary Comparison Schedule
 DWI Court
 For the Year Ended December 31, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final Budget Positive <u>(Negative)</u>
REVENUES				
Federal grant	\$ 55,000	\$ 60,410	\$ 61,927	\$ 1,517
Interest earnings			(213)	(213)
Total Revenue	<u>55,000</u>	<u>60,410</u>	<u>61,714</u>	<u>1,304</u>
EXPENDITURES				
Health & welfare	<u>55,000</u>	<u>63,361</u>	<u>64,066</u>	<u>(705)</u>
Total Expenditure	<u>55,000</u>	<u>63,361</u>	<u>64,066</u>	<u>(705)</u>
Excess of (deficiency) of revenues over (under) expenditures	-	(2,951)	(2,352)	599
Fund balance at beginning of year		<u>2,951</u>	<u>2,951</u>	<u>-</u>
Fund balance (deficit) at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 599</u>	<u>\$ 599</u>

ST. MARY PARISH COUNCIL

Budgetary Comparison Schedule
 DWI Court - Patient Fee Fund
 For the Year Ended December 31, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive <u>(Negative)</u>
REVENUES				
Fees, charges, & commission	\$ 1,700	\$ 850	\$ 827	\$ (23)
Investment earnings & interest	<u>15</u>	<u>55</u>	<u>88</u>	<u>33</u>
Total revenues	<u>1,715</u>	<u>905</u>	<u>915</u>	<u>10</u>
EXPENDITURES				
Health & Welfare	<u>7,650</u>	<u>2,875</u>	<u>2,835</u>	<u>40</u>
Total expenditures	<u>7,650</u>	<u>2,875</u>	<u>2,835</u>	<u>40</u>
Excess (deficiency) of revenues over (under) expenditures	(5,935)	(1,970)	(1,920)	50
Fund balance at beginning of year	<u>8,385</u>	<u>8,747</u>	<u>8,747</u>	<u>-</u>
Fund balance at end of year	<u>\$ 2,450</u>	<u>\$ 6,777</u>	<u>\$ 6,827</u>	<u>\$ 50</u>

ST. MARY PARISH COUNCIL

Budgetary Comparison Schedule (Non GAAP Basis)
Fairview Treatment Center
For the Year Ended December 31, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive <u>(Negative)</u>
REVENUES				
Federal grant		\$ 188,558	\$ 188,558	
Medicaid	\$ 2,513,930	2,695,403	2,695,409	\$ 6
Patient fees	3,000	4,351	4,351	-
Total revenues	<u>2,516,930</u>	<u>2,888,312</u>	<u>2,888,318</u>	<u>6</u>
EXPENDITURES				
Current				
Health & welfare				
Personal services and benefits	1,348,933	1,359,480	1,359,470	10
Travel	21,199	5,807	5,807	-
Operating services	356,153	354,786	354,786	-
Supplies	77,802	63,947	78,331	(14,384)
Professional services	477,305	438,287	441,100	(2,813)
Lab fees	10,500	8,271	7,781	490
Capital outlay	<u>72,038</u>	<u>58,420</u>	<u>29,270</u>	<u>29,150</u>
Total expenditures	<u>2,363,930</u>	<u>2,288,998</u>	<u>2,276,545</u>	<u>12,453</u>
Excess of revenues over expenditures before transfer	<u>153,000</u>	<u>599,314</u>	<u>611,773</u>	<u>(12,459)</u>
Transfer out to General Fund	<u> </u>	<u>(65,000)</u>	<u>(65,000)</u>	<u>-</u>
Net change in fund balance - Non-GAAP Basis	<u>153,000</u>	<u>534,314</u>	<u>546,773</u>	<u>(12,459)</u>
Reconciliation of Non-GAAP (Cash) Budget Basis to GAAP Basis:				
Revenues - Difference			\$ (376,974)	
Expenditures - Differences				
Bad debt			(6,882)	
Operating services			396	
Personal services			(2,620)	
Professional fees			(8,688)	
Supplies			<u>(5,940)</u>	
Total difference in expenditures			<u>(23,734)</u>	
Net change in fund balance - GAAP Basis			\$ <u>146,065</u>	

Note on Budgeting Basis:

Fairview Treatment Center budgets on a cash basis rather than on GAAP Basis.

ST. MARY PARISH COUNCIL

Budgetary Comparison Schedule
 Claire House
 For the Year Ended December 31, 2018

	Original & Final <u>Budget</u>	<u>Actual</u>	Variance with Final Budget Positive <u>(Negative)</u>
REVENUES			
Federal grant	\$ 579,363	\$ 481,630	\$ (97,733)
Total revenues	<u>579,363</u>	<u>481,630</u>	<u>(97,733)</u>
EXPENDITURES			
Current			
Health and welfare			
Personal services and benefits	415,363	425,238	(9,875)
Operating services	146,500	139,913	6,587
Supplies	9,200	18,907	(9,707)
Professional services	3,000	2,336	664
Capital Outlay	<u>5,300</u>	<u>28,765</u>	<u>(23,465)</u>
Total expenditures	<u>579,363</u>	<u>615,159</u>	<u>(35,796)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(133,529)</u>	<u>(133,529)</u>
Fund balance at beginning of year	<u>350,315</u>	<u>350,315</u>	<u>-</u>
Fund balance at end of year	<u>\$ 350,315</u>	<u>\$ 216,786</u>	<u>\$ (133,529)</u>

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

SALES TAX BOND SINKING FUND

The Sales Tax Bond Sinking Fund accounts for the Council's share of a one percent sales tax which is to be used for the retirement 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 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 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 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 \$600,000 Certificates of Indebtedness, \$2,345,000 Series 2012 Revenue Refunding Bonds and the \$10,000,000 Limited Tax Revenue Bonds Series 2018.

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, 2018

	<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	\$ 162,500	\$ 633,595	\$ 714,524	\$ 561,257	\$ 279,929	\$ 435,089	\$ 527,557	\$ 189,644	\$ 3,504,095
Investments	32,909	208	2	752	335				34,206
Receivables (net of allowances for uncollectibles)									
Due from component units									
Due from other governments	330,108				138,308				468,416
Due from other funds									
Advance to other funds									
Total assets	<u>525,517</u>	<u>633,803</u>	<u>714,526</u>	<u>562,009</u>	<u>418,572</u>	<u>435,089</u>	<u>527,557</u>	<u>189,644</u>	<u>4,006,717</u>
LIABILITIES AND FUND EQUITY									
Liabilities									
Advance from other funds	\$ 328,000							\$	\$ 328,000
Total liabilities	<u>328,000</u>	-	-	-	-	-	-	-	<u>328,000</u>
Fund equity									
Fund balances									
Restricted for debt service	162,500	604,650	714,526	305,000	118,900		344,500	81,500	2,331,576
Assigned for debt service	35,017	29,153		257,009	299,672	435,089	183,057	108,144	1,347,141
Total fund equity	<u>197,517</u>	<u>633,803</u>	<u>714,526</u>	<u>562,009</u>	<u>418,572</u>	<u>435,089</u>	<u>527,557</u>	<u>189,644</u>	<u>3,678,717</u>
Total liabilities and fund equity	<u>\$ 525,517</u>	<u>\$ 633,803</u>	<u>\$ 714,526</u>	<u>\$ 562,009</u>	<u>\$ 418,572</u>	<u>\$ 435,089</u>	<u>\$ 527,557</u>	<u>\$ 189,644</u>	<u>\$ 4,006,717</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, 2018

	<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>Certificate of Indebtedness Sinking Fund</u>	<u>Jail Sinking Fund</u>	<u>Jail Reserve Fund</u>	<u>Total Nonmajor Debt Service Funds</u>
REVENUES									
Taxes									
Sales and use Ad Valorem	\$ 1,744,052				\$ 135,409				\$ 1,744,052
Investment earnings & interest	5,937	\$ 7,900	\$ 8,905	\$ 6,206	3,822	\$ 4,728	\$ 5,224	\$ 2,284	45,006
Total revenues	<u>1,749,989</u>	<u>7,900</u>	<u>8,905</u>	<u>6,206</u>	<u>139,231</u>	<u>4,728</u>	<u>5,224</u>	<u>2,284</u>	<u>1,924,467</u>
EXPENDITURES									
Debt service									
Principal	310,000			600,000	110,000	158,000	385,000		1,563,000
Interest	233,138			99,458	69,060	8,316	38,587		448,559
Fees	2,275			3,450	975	68,683	500		75,883
Total expenditures	<u>545,413</u>	<u>-</u>	<u>-</u>	<u>702,908</u>	<u>180,035</u>	<u>234,999</u>	<u>424,087</u>	<u>-</u>	<u>2,087,442</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,204,576</u>	<u>7,900</u>	<u>8,905</u>	<u>(696,702)</u>	<u>(40,804)</u>	<u>(230,271)</u>	<u>(418,863)</u>	<u>2,284</u>	<u>(162,975)</u>
OTHER FINANCING SOURCES (USES)									
Proceeds from bonds						10,000,000			10,000,000
Operating transfers in				705,000		168,634	431,172	21,559	1,326,365
Operating transfers out	(1,165,000)					(9,931,317)			(11,096,317)
Total other financing sources (uses)	<u>(1,165,000)</u>	<u>-</u>	<u>-</u>	<u>705,000</u>	<u>-</u>	<u>237,317</u>	<u>431,172</u>	<u>21,559</u>	<u>230,048</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	<u>39,576</u>	<u>7,900</u>	<u>8,905</u>	<u>8,298</u>	<u>(40,804)</u>	<u>7,046</u>	<u>12,309</u>	<u>23,843</u>	<u>67,073</u>
Fund balance at beginning 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>
Fund balance at end of year	<u>\$ 197,516</u>	<u>\$ 633,803</u>	<u>\$ 714,526</u>	<u>\$ 562,010</u>	<u>\$ 418,572</u>	<u>\$ 435,089</u>	<u>\$ 527,557</u>	<u>\$ 189,644</u>	<u>\$ 3,678,717</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, 2018

Councilmen at Large

Gabriel Beadle	\$ 9,670
Paul Naquin, Jr.	9,600
Kevin Voisin	10,170

Single Members:

James Wallace Bennet, Jr.	5,400
Sterling J. Fryou, Sr.	5,400
Patrick Hebert	5,400
Glen Hidalgo	5,400
J. Bertrand Ina	5,400
Craig Alonzo Mathews	5,400
Dale James Rogers	5,400
Kenneth Singleton	<u>5,400</u>

\$ 72,640

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, 2018

Parish President: David J. Hanagriff

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 12,000
Benefits-Insurance	19,424
Benefits-Retirement	1,380
Cell phone allowance	1,440
Automobile allowance	14,400
Total	<u>\$ 48,644</u>

Chief Administrative Officer: Henry C. LaGrange

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 97,383
Benefits-Insurance	13,873
Benefits-retirement	11,199
Reimbursement-Travel	294
Total	<u>\$ 122,749</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, 2018

<u>Coverage</u>	<u>Amounts or Limits</u>	<u>Expires</u>	<u>Company</u>
Workers' Compensation and Employer's Liability	\$1,000,000	01/01/2019	PGRMA
Ferry-Hull and Machinery	\$75,000	05/16/2019	Alianz Global Corp
Ferry-Protection & Indemnity	\$1,000,000	05/16/2019	Lloyds' of London
Property and Extended Coverage	\$31,591,030	06/15/2019	Illinois Union Ins. Co.
Equipment Floater	\$9,513,502	06/15/2019	Continental Casualty
Boiler & Machinery	\$27,000,000	06/15/2019	Continental Casualty
Property-Burns Point Dwelling	\$24,000	06/28/2019	Louisiana Citizens
Airport Liability	\$1,000,000	09/29/2020	ACE Property & Casualty Insurance Co.
General Liability	\$3,000,000	12/31/2019	Atlantic Specialty Insurance Company
Auto Liability Coverage	\$1,000,000	12/31/2019	Atlantic Specialty Insurance Company
Public Entity Management Liability Coverage	\$3,000,000	12/31/2019	Atlantic Specialty Insurance Company
Public Entity Employment Practices (Liability Protection Coverage)	\$3,000,000	12/31/2019	Atlantic Specialty Insurance Company
Employee Benefit Plans Administration (Liability Protection Coverage)	\$3,000,000	12/31/2019	Atlantic Specialty Insurance Company

SUPPLEMENTARY INFORMATION REQUIRED BY UNIFORM GUIDANCE

St. Mary Parish Council
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2018

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR NAME/ <u>PROGRAM TITLE</u>	FEDERAL CFDA NUMBER	PASS-THROUGH IDENTIFYING NUMBER	EXPENDITURES INCURRED
<u>U.S. Department of the Interior</u>			
Bureau of Land Management			
Office of the Secretary of the Interior			
Payment in Lieu of Taxes	15.226		\$ 7,025
GoMESA	15.435		719,497
Office of Fish and Wildlife Services			
Passed through State of Louisiana Department of Wildlife and Fisheries Office of Undersecretary			
Sports Fish Restoration Program	15.605		144,800
Wildlife Restoration and Basic Hunter Education	15.611	U513006901.513	<u>82,823</u>
Total U.S. Department of Interior			<u>954,145</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	(SEE NOTE 4)	2,622,172
Housing - Federal Housing Commissioner			
Section 8 Housing Choice Vouchers	14.871		<u>389,719</u>
Total U.S. Department of Housing and Urban Development			<u>3,011,891</u>
<u>U.S. Department of Transportation</u>			
Airport Improvement Program	20.106	AIP3-22-0044-017-2.18	12,233
Alcohol Impaired Drinking Countermeasures Incentive Grants I	20.601		<u>64,066</u>
Total U.S. Department of Transportation			<u>76,299</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>5,192</u>
Total U.S. Department of Education			<u>5,192</u>

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR NAME/ <u>PROGRAM TITLE</u>	FEDERAL CFDA <u>NUMBER</u>	PASS-THROUGH IDENTIFYING <u>NUMBER</u>	EXPENDITURES <u>INCURRED</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)	\$ 636,975
Passed through Louisiana Department of Health and Hospitals			
Block Grants for Prevention and Treatment of Substance Abuse	93.959	FTC2000299225	<u>188,558</u>
Total U.S. Department of Health and Human Services			<u>825,533</u>
<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)	176,265
Passed through State of Louisiana Office of State Police			
Emergency Management Performance Grants	97.042		41,729
Homeland Security Grant Program	97.067		<u>52,342</u>
Total Department of Homeland Security			<u>270,336</u>
Total Primary Government Federal Financial Assistance			<u>\$ 5,143,396</u>

ST. MARY PARISH COUNCIL

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2018

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 2018, 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 certain expenditures from the Department of Homeland Security.

Hazard Mitigation Grant (CFDA 97.039)

In the current year the Hazard Mitigation grant is funded 75% by federal funds. Total expenditures for the current year were \$235,020 of which \$176,265 qualifies for 75% reimbursement.

NOTE 3 - DEPARTMENT OF HEALTH AND HUMAN SERVICES

The following is a detail of certain 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		\$ 155,345
Claire House	CH2000299126	<u>481,630</u>
Total Temporary Assistance for Needy Families		\$ <u>636,975</u>

NOTE 4 - DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

The following is a detail of certain expenditures from the Department of Housing and Urban Development.

Community Development Block Grant/State's Program and Non-Entitlement Grants in Hawaii (CFDA 14.228)

<u>Funds</u>	<u>Pass-Through Identifying Number</u>	<u>Expenditures</u>
CDBG Recovery Fund	684903	\$1,927,251
Capital Improvement Fund	736349	<u>694,921</u>
		<u>\$2,622,172</u>

INTERNAL ACCOUNTING CONTROL AND COMPLIANCE AND OTHER MATTERS



a corporation of
certified public accountants

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, 2018 (for the year ended June 30, 2018 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 reissued our report thereon dated September 6, 2019. Our report includes a reference to the Reissuance of Financial Statements under the Emphasis of Matters section, as described in our report on the Council's financial statements. 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 our findings, we did identify two deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2018-001 and 2018-002 that we consider to be a material weaknesses.

Compliance and Other Matters

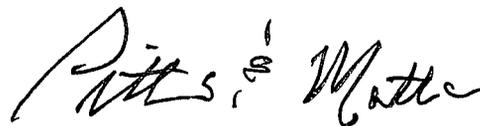
As part of obtaining reasonable assurance about whether the Council's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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 2018-003 and 2018-004.

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

September 6, 2019
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, 2018. 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, 2018.

Emphasis of Matter

As described in item 2018-006, we have reissued our Opinion on Each Major Federal Program. Our opinion on each major federal program is not modified with respect to this matter.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance with is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2018-005. Our opinion on each major federal program is not modified with respect to this matter.

The Council's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Council's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

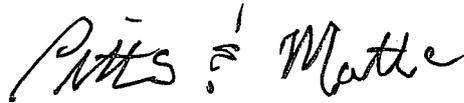
Management of the Council is responsible for establishing and maintaining effective internal control over compliance with the types of compliance referred to above. In planning and performing our audit of compliance, we considered the Council's internal control over compliance with the types of requirements 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 and therefore material weaknesses or significant deficiencies may exist that have not been identified. We did identify two deficiencies in internal control over compliance as described in the accompanying schedule of findings and questioned costs as items 2018-005 and 2018-006 that we consider to be material weaknesses.

The Council's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Council's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

September 6, 2019
Morgan City, Louisiana

ST. MARY PARISH COUNCIL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2018

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. Two material weaknesses were disclosed during the audit of the primary government financial statements that are 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. Two findings related to the audit of major federal award programs are reported as material weaknesses 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. Two 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)
Gulf of Mexico Energy Security Act- GoMESA (CFDA No. 15.435)
8. The threshold for distinguishing types A and B programs was \$750,000.
9. St. Mary Parish Council was not determined to be a low risk auditee.

B. FINDINGS - FINANCIAL STATEMENT AUDIT

INTERNAL CONTROL FINDINGS

MATERIAL WEAKNESS

ITEM NO. 2018-001 Failure to Collect Certain Fees

Auditors' Comments

Condition: The Council sets a fee for garbage pick up service at residences and small businesses that is to be billed and paid monthly. The Council does not have a system to send monthly bills to end users. Because of this the Council has made agreements with various governmental entities (Water & Sewer Districts and municipalities) located in the Parish that normally bill their own customers on a monthly basis for utilities to also bill the Council's customers for the garbage pick up fee as well. The agreements with the other governments allows them to retain a small portion of the garbage pick up fee as compensation for performing this service. The other governments then pay to the Council the net fees collected on either a monthly or quarterly basis.

During the course of our audit procedures, we discovered that one governmental entity made no payments to the Council during 2018 and owed the Council approximately \$54,800 at the end of 2018.

Criteria: The billing and collections agreements require the billing and collecting governments to remit the collected fees on a periodic agreed upon time frame.

A sound internal control system over collections of revenues should include a monitoring system to insure that all amounts due are collected when due.

Effect: Failure to properly monitor revenue collections on a periodic basis can result in lost revenues.

Cause: The person monitoring these receipts assumed the position of a former long-time employee who had retired. Evidently the current employee was not fully trained on the complete duties of this position and failed to notify their supervisor when payments were not received from this entity.

Recommendation: The Council should contact the entity and obtain full payment of all outstanding amounts.

Further the Council should put this collection procedure in this area in writing.

Management's Response:

Subsequent to year end, the outstanding fees have been received. The clerk designated to receive payments has been trained to monitor all garbage fees from the governmental entities (Water & Sewer Districts and municipalities) and to inform upper management when entities fail to remit timely payments. A written procedure is being prepared in accordance with this policy.

ITEM NO. 2018-002 Failure to Record Grant Activity in Financial Statements

Auditors' Comments

Condition: The Council records and presents some of its capital expenditure activity in its Capital Improvement Fund (a major governmental fund). For 2018 the fund reported \$6,436,422 in capital outlay expenditures in its reissued financial statements. Prior to the reissuance of its 2018 financial statements this fund reported \$5,741,501 in capital outlay expenditures. The financial statements as initially issued omitted \$694,921 in capital outlays as well as the related \$694,921 in associated Federal grant revenue.

This fact was discovered after the financial statements and related auditors' reports were issued. The original financial statements were recalled, corrected and reissued by the Council accompanied by reissued auditors' reports.

Criteria: The financial statements of an entity should include all financial activity of that entity occurring during the period covered by those financial statements.

Effect: The Council's financial statements for its Capital Improvement Fund (a major governmental fund) were materially misstated, when initially issued.

Cause: The vast majority of the Council's expenditures are processed through a comingled checking account which is integrated with the Council's general ledger system, whereby all expenditures are automatically entered into the Council's general ledger. If required or requested by a grantor, the Council maintains a separate checking account which includes only the activities of a single project or grant. In this situation the expenditures are not automatically entered into the Council's general ledger system, but are summarized monthly and entered into the Council's general ledger by journal entries.

The activities for this particular project, Glencoe Water Plant funded by a Federal Community Development Block Grant (CFDA No. 14.228) funded by the U.S. Department of Housing and Urban Development and passed through the Louisiana Offices of Community Development utilized a separate checking account.

The Council properly accounted for and documented all revenues and expenditures related to this project during the year. However, the Council initially failed to record these activities, by journal entry, into its general ledger and financial statements.

Recommendations: The Council should recall, correct, and reissue its financial statements for 2018. This has been done.

The Council should institute a review procedure to insure any activities which are accounted for through separate checking accounts be entered into the Council's appropriate general ledger accounts on a monthly basis.

Management's Response: This project requires a separate checking account, therefore, revenues and expenditures are not automatically entered into the computerized accounting system. Subsequent to year end, all revenues and expenditures were manually entered into the computerized general ledger and current activity is entered on a monthly basis.

NONCOMPLIANCE

ITEM NO. 2018-003 Budget Monitoring

Auditors' Comments

Condition: During the course of the audit for the year ended December 31, 2018, 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>
Juror Compensation Fund	\$ 46,680	\$ 50,000	\$ 3,320	6.6%
Claire House	481,630	579,363	97,733	16.8%

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

<u>Funds</u>	<u>Actual Amount</u>	<u>Budgeted Amount</u>	<u>Variance</u>	<u>Percent</u>
Job Readiness Program Fund	\$ 5,192	\$ 3,526	\$ 1,666	47.2%
Claire House	615,159	579,363	35,796	6.2%

Management's Response:

The budget monitoring has gotten significantly better. 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. 2018-004 Fund Deficit

Auditors' Comments

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

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

Effect: Violation of state statute.

Cause: For this special revenue fund, 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	\$(41,420)

Management's Response:

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

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

NON-COMPLIANCE, QUESTIONED COSTS, AND MATERIAL WEAKNESS

ITEM NO. 2018-005 Period of Performance

Community Development Block Grants/State’s Program and Non-Entitlement Grants in Hawaii (CFDA No. 14.228) Passed through Louisiana Offices of Community Development (Pass-through ID No. 736349)

Auditors’ Comments

Condition: In 2018, the Council received two types of grants funded under this major program both passed through the State of Louisiana Office of Community Development as follows:

<u>Office Passed Through</u>	<u>Passed Through ID#</u>	<u>Number of Projects</u>	<u>Amount of Assistance</u>	<u>Questioned Costs</u>
Disaster Recovery Unit	684903	5	\$1,927,851	None
Division of Administration	736349	1	694,921	\$76,500

The audit procedures related to the portion of this major program funded under pass-through ID# 684903 resulted in no findings of non-compliance, material weaknesses in internal control, nor questioned costs.

The audit procedures related to the portion of this major program fund under pass-through ID# 736349 resulted in the following findings:

Compliance Requirements – Non-compliance with certain Period of Performance Compliance Requirements

Questioned Costs – Questioned Costs in the amount of \$76,500 (the amount known and likely questioned costs are the same).

Internal Control Over Compliance – Material Weakness

Criteria:

Noncompliance & Questioned Costs

The terms and conditions of the Federal award agreement between the Council and the State of Louisiana for utilization of these funds under pass through ID No. 736349 called for certain required contract conditions related to: Construction plans and specifications; and advertising for bids to be performed within a certain time frame.

Internal Control Over Compliance

A properly designed internal control system related to Federal Financial Awards should include policies and procedures to insure compliance with all compliance requirements that could have a direct and material effect on the particular award. This would include compliance with the Period of Performance requirements.

Effect: The Council did perform the required contract conditions but not within the specified time frame, therefore penalties were assessed by the State as follows:

<u>Required Contract Conditions</u>	<u>Number of Work Days Late</u>	<u>Daily Penalty</u>	<u>Total Penalty</u>
Construction Plans and Specifications	227	\$250	\$56,750
Advertising for Bids	79	250	<u>19,750</u>
Total			<u>\$76,500</u>

These penalties resulted in a questioned cost of \$76,500. Note that the amount of the known questioned costs and the amount of the likely questioned costs are the same. In addition the State has already determined these costs to be disallowed and the grant amount was reduced by this amount in 2018.

Cause: The additional days necessary for the clearance of contract conditions were a result of the delay in completion of plans and specifications for the project. This was caused by extended negotiations in the acquisition of the necessary property needed for construction of the project, which resulted in changes to the project's plans and specifications.

The Council's internal control system does not contain procedures to timely notify the grantor and request extensions of deadlines.

Recommendation: The Council should add procedures to its internal control system over grant compliance to monitor the various time tables for document preparation and submission, and to request extensions of time when needed.

Management's Response: St. Mary Parish has received many La. Community Development Block Grants and has policies and procedures in place that provide for a process that has previously met the requirements of these grant agreements. In regards to this specific grant, communications were ongoing with the La. Office of Community Development regarding the delays noted above. These included phone, email and written correspondence; however, due to the circumstances noted above, compliance with all of the conditions of the grant agreement were not met within the timeframe required. St. Mary Parish will communicate more effectively with the Grantor and will amend its policy to ensure that all procedures and requirements of the grant agreement are met in the timeframes required.

MATERIAL WEAKNESS

ITEM NO. 2018-006 Allowable Costs/Cost Principles (Failure to Record Grant Activity in Financial Statements)

Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii (CFDA No. 14.228) Passed through Louisiana Offices of Community Development (Pass-through ID No. 736349)

See Findings 2018-002 for additional information on this finding.

Auditors' Comments

Condition: Prior to the reissuance of its 2018 financial statements the Council omitted \$694,921 in capital outlays as well as the related \$694,921 in associated Federal grant revenue from its general ledger and financial statements.

This fact was discovered after the financial statements and related auditors' reports were issued. The original financial statements were recalled, corrected and reissued by the Council accompanied by reissued auditors' reports.

Criteria: "Basic Guidelines" in the Compliance Supplement under B. Allowable Costs/Cost Principles item 3 requires consistent policies and procedures that apply uniformly to both federally financed and other activities. The general ledger and financial statements of an entity should include all financial activity of that entity occurring during the period covered by those financial statements.

Effect: The revenue and expenditures for this grant was properly documented and supported in underlying detail records. However the general ledger and financial statements did not include the activity for this federally financed activity.

Note this finding does not result in any questioned costs.

Cause: The vast majority of the Council's expenditures are processed through a comingled checking account which is integrated with the Council's general ledger system, whereby all expenditures are automatically entered into the Council's general ledger. If required or requested by a grantor, the Council maintains a separate checking account which includes only the activities of a single project or grant. In this situation the expenditures are not automatically entered into the Council's general ledger system, but are summarized monthly and entered into the Council's general ledger by journal entries.

The activities for this particular project, Glencoe Water Plant funded by a Federal Community Development Block Grant (CFDA No. 14.228) funded by the U.S. Department of Housing and Urban Development and passed through the Louisiana Offices of Community Development utilized a separate checking account.

The Council properly accounted for and documented all revenues and expenditures related to this project during the year. However, the Council initially failed to record these activities, by journal entry, into its general ledger and financial statements.

Recommendations: The Council should recall, correct, and reissue its financial statements for 2018. This has been done.

The Council should institute a review procedure to insure any activities which are accounted for through separate checking accounts be entered into the Council's appropriate general ledger accounts on a monthly basis.

Management's Response: Subsequent to year end, all revenues and expenditures were manually entered into the computerized general ledger and current activity is entered on a monthly basis.

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

Internal Control Weakness

Material Weakness

Item No. 2017-001 Patient Fee Reimbursement at Fairview Treatment Center (Center)

Condition: Proper policies and procedures were not implemented in order 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.

Corrective Action: This matter has been resolved.

Items of Noncompliance

Item No. 2017-002 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. 2017-003 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 HANAGRIF, PRESIDENT

FIFTH FLOOR - COURTHOUSE

FRANKLIN, LOUISIANA 70538-6198

September 6, 2019



HENRY "BO" LAGRANGE
CHIEF ADMINISTRATIVE OFFICER



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



DIRECTOR OF PERSONNEL
JILLIAN E. FISHER



DIRECTOR OF PLANNING AND ZONING
TAMMY LUKE



DIRECTOR OF PUBLIC WORKS
JEAN PAUL BOURG



DIRECTOR OF ECONOMIC DEVELOPMENT
FRANK G. FINK



OFFICE OF HOMELAND SECURITY
AND EMERGENCY PREPAREDNESS
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OFFICE HOURS
8:00 A.M. TO 12:00 P.M.
1:00 P.M. TO 4:30 P.M.

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

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, 2018:

Findings -- Financial Statement Audit
Internal Control -- Material Weakness
Item No. 2018-001 Failure to Collect Certain Fees

Management's Response:

Subsequent to year end, the outstanding fees have been received. The clerk designated to receive payments has been trained to monitor all garbage fees from the governmental entities (Water & Sewer Districts and municipalities) and to inform upper management when entities fail to remit timely payments. A written procedure is being prepared in accordance with this policy.

Findings -- Financial Statement Audit
Internal Control -- Material Weakness
Item No. 2018-002 Failure to Record Grant Activity in Financial Statements

Management's Response:

This project requires a separate checking account, therefore, revenues and expenditures are not automatically entered into the computerized accounting system. Subsequent to year end, all revenues and expenditures were entered into the computerized general ledger and current activity is entered on a monthly basis.

Findings -- Financial Statement Audit
Noncompliance
Item No. 2018-003 Budget Monitoring

Management's Response:

The budget monitoring has gotten significantly better. 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 2018-004 Fund Deficit

Management's Response:

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

Findings – Financial and Questioned Costs – Major Federal Award Programs
Audit

Noncompliance, Questioned Costs, and Material Weakness

Item No. 2018-005 Period of Performance

Management's Response:

St. Mary Parish has received many La. Community Development Block Grants and has policies and procedures in place that provide for a process that has previously met the requirements of these grant agreements. In regards to this specific grant, communications were ongoing with the La. Office of Community Development regarding the delays noted above. These included phone, email and written correspondence; however, due to the circumstances noted above, compliance with all of the conditions of the grant agreement were not met within the timeframe required. St. Mary Parish will communicate more effectively with the Grantor and will amend its policy to ensure that all procedures and requirements of the grant agreement are met in the timeframes required.

Findings – Material Weakness

Item No. 2018-006 Allowable Costs/Cost Principles (Failure to Record Grant Activity in Financial Statements)

Management's Response:

Subsequent to year end, all revenues and expenditures were entered into the computerized general ledger and current activity is entered on a monthly basis.

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, 2018

WITH
AGREED UPON PROCEDURES REPORT
BY
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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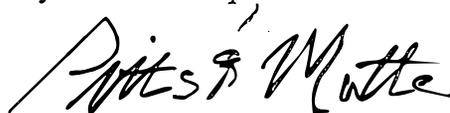
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

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, 2018 through December 31, 2018. 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 27, 2019

**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, 2018**

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 <i>Management’s Response:</i> (in bold type) followed by <i>managements response in italics</i>

The Parish is not subject to all possible Louisiana Legislative Auditor - State Wide Agreed-Upon Procedures. The numbers of the procedures in this report coincide with the numbers assigned to the specified procedures on the Louisiana Legislative Auditor’s website. Therefore, because of certain excluded procedures, the procedure numbers used in this report are not in consecutive order.

WRITTEN POLICIES AND PROCEDURES

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

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 the Council has written policies that 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: Found that the Council does not have any written policies and procedures regarding 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: Found that the Council does not have any written policies and procedures regarding disbursements.

Receipts/Collections

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

WRITTEN POLICIES AND PROCEDURES (CONTINUED)

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

Findings: Found that the Council does not have any written policies and procedures regarding receipts and collections.

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 the Council has written policies that 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 Policies" and read the written policies for contracting.

Findings: Found the Council has written policies that includes the specified functions listed above.

Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)

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

Procedure Performed: Obtained from management the "Financial Management Policies" and read the written policies for credit cards.

Findings: Found the Council has written policies that includes the specified functions listed above.

WRITTEN POLICIES AND PROCEDURES (CONTINUED)

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 the Council has written policies that includes the specified functions listed above.

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: Found that the Council does not have any written policies and procedures regarding 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 service.

Findings: Found that the Council does not have written policies and procedures regarding debt service.

WRITTEN POLICIES AND PROCEDURES (CONTINUED)

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 OR FINANCE COMMITTEE

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

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

Procedure Performed: Obtained and read the board minutes for the fiscal period (January 1, 2018 to December 31, 2018), as well as the board's enabling legislation, charter, bylaws in effect during the fiscal period.

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

b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

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

Procedure Performed: Obtained and read the Council's prior year audit report and observed the unrestricted fund balance in the general fund.

Findings: Found that the general fund did not have a negative ending unrestricted fund balance in the prior year audit report.

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 for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:
- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
 - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledger, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged), and
 - c) Management has documentation reflecting that it has research reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Procedures Performed: Obtained the listing of bank accounts from management, and received management's written representation that the list is complete. Randomly selected 4 bank accounts and the main operating account out of a total of 14 accounts and requested bank reconciliations and bank statements for all 5 accounts for the one month randomly selected. Obtained and inspected bank statements and bank reconciliations prepared for the month selected for all accounts selected.

Findings:

- a) Observed there is evidence that the bank reconciliation was prepared within 2 months of the related statement closing date.
- b) Observed there is evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation.
- c) Observed that there were reconciling items outstanding for more than 12 months in 2 out of the 5 accounts selected, payroll (10 checks totaling \$939) and clearing (265 checks totaling \$26,607). Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months for the clearing account. Management does not have documentation confirming its research of reconciling items in the payroll account.

Management' response:

In the future management will obtain documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months for the payroll account.

COLLECTIONS

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

Procedure Performed: Obtained from management a listing of deposits sites for the fiscal period where deposits for cash/checks/money orders are prepared and management's representation that the listing is complete.

Findings: Found that the Council has only 1 deposit site.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - a) Employees that are responsible for cash collections do not share cash drawers/registers.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
 - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
 - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

Procedure Performed: Obtained from management a listing of collection locations relating to the one deposit site and management's representation that the listing is complete. The list contained 21 cash collection locations. We randomly selected 1 collection location for the 1 deposit site and inquired of employees about the segregation of job duties.

Findings:

- a) Found that the clerk, who is responsible for cash collection at the collection location does not share cash drawers/registers.
- b) Found that the clerk responsible for collecting cash is not responsible for preparing/making bank deposits.

COLLECTIONS (CONTINUED)

- c) Found that the clerk responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers.
- d) Found that the clerk responsible for collecting cash is not responsible for reconciling cash collections to the general ledger and/or subsidiary ledger.

6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

Procedure Performed: Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

Findings: Found that 9 out of 24 employees who have access to cash are covered by a bond or insurance policy for theft.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.
- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- c) Trace the deposit slip total to the actual deposit per the bank statement.
- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
- e) Trace the actual deposit per the bank statement to the general ledger.

Procedure Performed: Randomly selected two deposit dates for the Council's five bank accounts selected for procedure #3 under "Bank Reconciliations" and obtained supporting documentation (deposit slip images, current day transaction report, reconciliations, general ledger, revenue vouchers, copies of checks received and bank statements) for all five accounts and performed the following procedures;

- a) Observed the Council has receipts (revenue vouchers); however, they are not sequentially pre-numbered.
- b) Traced revenue vouchers to deposit slips for 4 of the 5 accounts where actual cash, /checks/money orders were deposited. The remaining main operating account only received deposit via transfers, for this account we traced revenue vouchers to the current day transaction report (used in lieu of deposit slips for transfers).
- c) Traced the deposit slip or current day transaction report total to the actual deposit per the bank statement.

COLLECTIONS (CONTINUED)

- d) Observed that all deposit more than \$100 were made within one business day of receipt.
- e) Trace the actual deposit per the bank statement to the general ledger.

Findings:

Found that the amounts from the credit card processing account represent \$1.00 fees paid by patrons for use of 9 boat launches. The collection of these fees is automated and do not have accompanying collection documents. The total amounts collected for the two months randomly selected were \$318 for the month of February and \$344 for the month of July.

- a) Found the Council has receipts; however, they are not sequentially pre-numbered. A substantial amount of the Council's collections are received from other governmental entities for advalorem tax, sales tax, and grants.
- b) Collection documentation (revenue vouchers) agrees to the deposit slips or current day transaction reports for 4 of the 5 accounts. There is no collection documentation for the credit card processing account as noted above.
- c) Deposit slip or current day transaction reports total agrees to the deposit amount on the bank statement for 4 of the 5 accounts. There is no collection documentation for the credit card processing account as noted above
- d) Found all deposits more that \$100 were made within one business day of receipt for all accounts. There was no deposit more than \$100 in the credit card processing account
- e) The actual deposit per bank statements agrees with the collection recorded in the general ledger for all five accounts.

Management' response:

No comment

NON-PAYROLL DISBURSEMENTS (EXCLUDING CARD PURCHASES/PAYMENTS, TRAVEL REIMBURSEMENTS, AND PETTY CASH PURCHASES):

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

Procedure Performed: We obtained a listing of locations that process payments from management and management's representation that the listing is complete.

Findings: Found the Council has one location that processes payments.

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

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

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

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

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

Procedure Performed: We obtained a listing of employees involved with non-payroll purchasing and payment functions and, inquired of these employees' about their job duties.

Findings:

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

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

c) The two employees involved in processing payments are not prohibited from adding or modifying vendor's files.

NON-PAYROLL DISBURSEMENTS (EXCLUDING CARD PURCHASES/PAYMENTS, TRAVEL REIMBURSEMENTS, AND PETTY CASH PURCHASES) (CONTINUED):

- d) The Director of Finance, who is responsible for signing checks, gives the signed checks to the custodian, who is not responsible for processing payments, to mail.

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

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

Procedure Performed: We obtained the Council's non-payroll disbursements transaction population (excluding cards and travel reimbursements) and management's representation that the population was complete. We randomly selected 5 disbursements from the listing and obtained and observed supporting documentation for each transaction.

Findings:

- a) Found that disbursements matched the related original invoice.
- b) Found that disbursement documentation included evidence that the Parish is following its policies as it relates to the segregation of duties tested under #9 above.

Management's response:

No comment

ETHICS

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

- a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
- b) Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

Procedure Performed: We obtained and read ethic's certificates from management for the 5 randomly selected employees. Observed that the documentation demonstrates each employee completed one hour of ethics training during the fiscal period. Obtained management's written confirmation that the District does not have written policies regarding ethics.

Findings:

- a) Found that the ethics certificates demonstrate that each employee completed one hour of ethics training during the fiscal period.
- b) Found that the Council does not have written policies regarding ethics, therefore employees did not read the Council's ethics policy during the fiscal year.

Management's response:

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