ST. MARY PARISH
COMMUNICATIONS DISTRICT

Morgan City, Louisiana

Financial Report

Year Ended December 31, 2020

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KOLDER, SLAVEN & COMPANY, LLC
CERTIFIED PUBLIC ACCOUNTANTS

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

Victor R. Slaven, CPA* - retired 2020

* A Professional Accounting Corporation

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

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

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

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

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

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

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

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

WWW.KCSRCPAS.COM

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the St. Mary Parish Communications District (hereinafter "District"), a component unit of the Parish of St. Mary, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the District as of December 31, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that certain information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the budgetary comparison information on page 33, schedule of employer's share of net pension liability/asset on page 34, schedule of employer contributions on page 35, or notes to required supplementary information on page 36 because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of insurance in force listed as "Other Supplementary Information" in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. The schedule of insurance in force on page 38 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 August 19, 2021 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
August 19, 2021

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

ST. MARY PARISH COMMUNICATIONS DISTRICT
Morgan City, Louisiana

Statement of Net Position
December 31, 2020

	Governmental Activities
ASSETS	
Cash and interest-bearing deposits	$ 470,377
Investments	593,478
Communications taxes receivable	116,831
Prepaid expenses	38,062
Capital assets, net	95,767
Total assets	1,314,515
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to net pension asset	121,819
LIABILITIES	
Accounts payable	1,966
Accrued liabilities	34,727
Noncurrent liabilities:	
Due in more than one year	
Other accrued liabilities	14,654
Net pension liability	4,117
Total liabilities	55,464
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to net pension asset	191,193
NET POSITION	
Net investment in capital assets	95,767
Unrestricted	1,093,910
Total net position	$ 1,189,677

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

ST. MARY PARISH COMMUNICATIONS DISTRICT
Morgan City, Louisiana

Statement of Activities
Year Ended December 31, 2020

	Governmental Activities
Expenses:	
Public safety:	
Salaries and related taxes and benefits	$ 720,875
Telephone and equipment rental	89,393
Dues and subscriptions	1,532
Insurance	21,148
Office	2,997
Professional fees	26,585
Repairs and maintenance	25,902
Supplies	10,960
Travel and training	2,892
Utilities	7,477
Depreciation	30,757
Total expenses	940,518
Program revenues:	
Operating grants and contributions	7,078
Net program expense	933,440
General revenues:	
Communication taxes	931,408
Intergovernmental	27,716
FEMA	11,171
Other	5,853
Total general revenues	976,148
Change in net position	42,708
Net position, beginning	1,146,969
Net position, ending	$ 1,189,677

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

FUND FINANCIAL STATEMENTS

ST. MARY PARISH COMMUNICATIONS DISTRICT
Morgan City, Louisiana

Balance Sheet
Governmental Fund
December 31, 2020

	General Fund
ASSETS	
Cash and interest-bearing deposits	$ 470,377
Investments	593,478
Communications taxes receivable	116,831
Total assets	$ 1,180,686
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable	$ 1,966
Accrued liabilities	34,727
Total liabilities	36,693
Fund balance:	
Committed	102,725
Assigned	262,707
Unassigned	778,561
Total fund balance	1,143,993
Total liabilities and fund balance	$ 1,180,686

(continued)

ST. MARY PARISH COMMUNICATIONS DISTRICT
Morgan City, Louisiana

Balance Sheet (continued)
Governmental Fund
December 31, 2020

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

Total fund balance for the governmental fund at December 31, 2020		$ 1,143,993
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets, net of accumulated depreciation		95,767
Prepaid items		38,062
Deferred outflows of resources related to net pension asset		121,819
Liabilities not due and payable in the current period:		
Other accrued liabilities	(14,654)	
Net pension laibility	(4,117)	(18,771)
Deferred inflows of resources related to net pension asset		(191,193)
Net position at December 31, 2020		$ 1,189,677

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

ST. MARY PARISH COMMUNICATIONS DISTRICT
Morgan City, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Fund
Year Ended December 31, 2020

	General Fund
Revenues:	
Landline tax	$ 184,183
Voice over internet protocol (VoIP) tax	111,931
Cellular tax	522,302
Prepaid wireless tax	112,992
Intergovernmental cost share	27,716
Intergovernmental revenue - FEMA	11,171
Other revenues	5,855
Total revenues	976,150
Expenditures:	
Public safety:	
Salaries and related taxes and benefits	685,440
Telephone and equipment rental	89,393
Dues and subscriptions	1,532
Insurance	29,411
Office	2,997
Professional fees	26,585
Repairs and maintenance	25,902
Supplies	10,960
Travel and training	2,892
Utilities	7,477
Total expenditures	882,589
Net change in fund balance	93,561
Fund balance, beginning	1,050,432
Fund balance, ending	$ 1,143,993

(continued)

Statement of Revenues, Expenditures, and Changes in Fund Balance (continued)
Governmental Fund
Year Ended December 31, 2020

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

Total net change in fund balance - governmental fund		$ 93,561
Amounts reported for governmental activities in the statement of activities are different because:		
Depreciation expense		(30,757)
Changes in items not requiring the use of current financial resources		(7,916)
Effects of recording net pension liability and deferred inflows and outflows of resources related to net pension asset:		
Increase in pension expense	(27,521)	
Nonemployer pension contribution revenue	7,078	(20,443)
Change in net position for governmental activities		$ 42,708

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

Notes to Financial Statements

INTRODUCTION

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

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

(1) Summary of Significant Accounting Policies

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

A. Reporting Entity

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

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

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

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

B. Basis of Presentation

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

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

Governmental Fund –

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

C. Capital Assets

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

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

Asset Class	Useful Lives
Equipment	5-10
Furniture & fixtures	10

D. Measurement Focus/Basis of Accounting

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

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

Revenues

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

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

Substantially all other revenues are recorded when received.

Expenditures

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

E. Cash, Interest-bearing deposits, and Investments

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

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

F. Compensated Absences

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

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

G. Deferred Outflows of Resources and Deferred Inflows of Resources

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

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

H. Equity Classifications

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

a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

b. Restricted – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional, provisional, or enabling legislation.

c. Unrestricted – All other net position that does not meet the definition of "restricted" or "net investment in capital assets".

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

a. Nonspendable – Amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

b. Restricted – Amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

c. Committed – Amounts that can be used only for specific purposes determined by a formal action of the Board of Commissioners. The Board of Commissioners is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through resolutions approved by the members of the Board of Commissioners.

d. Assigned – Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the District's adopted policy, only the Director may assign amounts for specific purposes.

e. Unassigned – All other spendable amounts.

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

I. Pensions

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

(2) Cash

Under state law, the District may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The District may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At December 31, 2020, the District has cash (book balances) totaling $470,377 as follows:

Cash and interest-bearing deposits	$ 411,546
Certificates of deposit	58,831
Total cash and equivalents	$ 470,377

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the financial institution. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 2020, deposit balances (bank balances) totaling $470,377 were secured as follows:

Federal deposit insurance	$ 355,744
Uninsured and collateralized with pledged securities	114,633
Total federal deposit insurance and pledged securities	$ 470,377

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the District's deposits may not be recovered or the collateral securities that are in the possession of an outside party will not be recovered. The District does not have a policy to monitor or attempt to reduce exposure to custodial credit risk. At December 31, 2020, deposits in the amount of $75,362 were exposed to custodial credit risk. These deposits are uninsured and collateralized with securities held by the pledging institution's trust department or agent but not the District's name.

(3) Investments

Investments held at December 31, 2020 consist of $593,478 in the Louisiana Asset Management Pool (LAMP). LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local governments having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA-R.S. 33:2955.

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

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

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

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

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

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

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

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

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

Fair Value Measurements

To the extent available, the District's investments are recorded at fair value as of December 31, 2020. GASB Statement No. 72, *Fair Value Measurements and Application*, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

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

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

(4) Receivables

The following is a summary of communications taxes receivable at December 31, 2020:

Amounts due from:	
Landline providers	$ 15,900
Voice over Internet Protocol (VoIP) providers	8,128
Wireless providers	59,432
Prepaid phone providers	30,851
Other	2,520
	$ 116,831

Management is of the opinion that all receivables are collectible; therefore, no provision for uncollectible accounts receivable has been made for the year ended December 31, 2020.

(5) Capital Assets

Capital asset activity for the year ended December 31, 2020 was as follows:

	Balance 1/1/2020	Additions	Deletions	Balance 12/31/2020
Assets being depreciated:				
Governmental activities:				
Furniture and equipment	$ 520,350	-	$ -	$ 520,350
Less: accumulated depreciation	(393,826)	(30,757)	-	(424,583)
Net capital assets	$ 126,524	$ (30,757)	$ -	$ 95,767

Depreciation expense in the amount of $30,757 was charged to public safety.

(6) Change in Noncurrent Liabilities

The following is a summary of noncurrent liability transactions of the District for the year ended December 31, 2020:

	1/1/2020	Additions	Payments/ Reductions	12/31/2020
Governmental Activities:				
Compensated absences	$ 6,738	$ -	$ 7,916	$ 14,654

(7) Compensation of Board Members

Board members for the year ended December 31, 2020 served without compensation and are as follows:

Ed Smith, Chairman
Travis Mayon, Vice Chairman
Allen Rink
Scott Verret
David Naquin
Blaise Smith
Morris Beverly

(8) Fund Balance

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

	General
Fund balances:	
Committed	
Fire service equipment maintenance	$ 102,725
Assigned	
Capital requirements	262,707
Unassigned	778,561
Total fund balances	$ 1,143,993

(9) Compensation and Other Payments to Executive Director

Act 706 of the 2014 Legislative Session amended RS 24:513A requiring additional disclosure of total compensation, reimbursements, benefits, or other payments made to an agency head or chief officer. Expenses paid to Charlette Angeron for the year ended December 31, 2020 are as follows:

Salary	$ 75,620
Benefits - Insurance	16,434
Benefits - Retirement	9,263
Conference registration	632
Total	$ 101,949

(10) Pension Plan

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

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

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

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

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

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

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

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

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

For employees hired prior to January 1, 2007:

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

For employees hired after January 1, 2007:

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

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

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

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

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

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

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

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

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

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

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

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

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

Employer Contributions: According to state statute, contributions for all employers are actuarially determined each year. For the year ended December 31, 2019, the actuarially determined contribution rate was 12.18% of member's compensation for Plan A. However, the actual rate for the fiscal year ending December 31, 2019 was 11.5% for Plan A. The actual rate differs from the actuarially required rate due to state statutes that require the contribution rate be calculated and set two years prior to the year effective.

According to state statute, the System also receives 1/4 of 1% of ad valorem taxes collected within the respective parishes, except for Orleans and East Baton Rouge parishes. The System also receives revenue sharing funds each year as appropriated by the Legislature. Tax monies and revenue sharing monies are apportioned between Plan A and Plan B in proportion to the member's compensation. These additional sources of income are used as additional employer contributions and are considered support from non-employer contributing entities. During the year ended December 31, 2020, the District recognized revenue as a result of support received from non-employer contributing entities of $7,078 for its participation in the System.

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

At December 31, 2020, the District reported liabilities in its governmental activities of $4,117 for its proportionate share of the net pension liabilities of PERS. The net pension liabilities were measured as of December 31, 2019 and the total pension liability used to calculate the net pension obligation was determined by separate actuarial valuations performed as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2019, the District's proportional share of PERS was 0.087462%, which was an increase of 0.005015% from its proportion measured as of December 31, 2018.

For the year ended December 31, 2020, the District recognized pension expense of $83,938.

At December 31, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ 36,858
Changes of assumptions	57,502	-
Net difference between projected and actual earnings on pension plan investments	-	154,335
Changes in proportion and differences between employer contributions and proportionate share of contributions	7,898	-
Employer contributions subsequent to the measurement date	56,419	-
	$ 121,819	$ 191,193

Deferred outflows of resources of $56,419 related to pensions resulting from the District's contributions subsequent to the measurement date will be recognized as an adjustment to the net pension liability in the following fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (benefit) as follows:

Fiscal Year Ended December 31	
2021	$ (25,463)
2022	(35,677)
2023	4,826
2024	(69,479)
	$ (125,793)

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

A summary of the actuarial methods and assumptions used in determining the total pension liability as of December 31, 2020 are as follows:

	Parochial Employees' Retirement System of Louisiana Plan A
Valuation Date	December 31, 2019
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions: Investment Rate of Return	6.50%, net of investment expense, including inflation
Projected Salary Increases	4.75%
Expected Remaining Service Lives	4 years
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increase not yet authorized by the Board of Trustees.
Mortality Rates	Pub-2010 Public Retirement Plans Mortality Table for Health Retirees multiplied by 130% for males and 125% for females using MP2018 scale for annuitant and beneficiary mortality. For employees, the Pub-2010 Public Retirement Plans Mortality Table for General Employees multiplied by 130% for males and 125% for females using MP2018 scale. Pub-2010 Public Retirement Plans Mortality Table for General Disabled Retirees multiplied by 130% for males and 125% for females using MP2018 scale for disabled annuitants
Inflation Rate	2.40%

The discount rate used to measure the total pension asset was 6.50% for Plan A, which was the same rate used as of December 31, 2018. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers and non-employer contributing entities will be made at the actuarially determined contribution rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, PERS's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The investment rate of return was 6.50% for Plan A, which was the same rate used as of December 31, 2018. The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the capital asset pricing model (top-down), a treasury yield curve approach (bottom-up) and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward looking basis in equilibrium, in which best estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.00% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.18% for the year ended December 31, 2019.

Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of December 31, 2019 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate Of Return
Fixed Income	35%	1.05%
Equity	52%	3.41%
Alternatives	11%	0.61%
Real assets	2%	0.11%
Totals	100%	5.18%
Inflation		2.00%
Expected Arithmetic Nominal Return		7.18%

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

Sensitivity to Change in Discount Rate: The following presents the net pension liability/(asset) of the participating employers calculated using the discount rate of 6.50%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower 5.50% or one percentage point higher 7.50% than the current rate.

	1% Decrease 5.50%	Current Discount Rate 6.50%	1% Increase 7.50%
Net Pension Liability (Asset)	$ 444,997	$ 4,117	$ (365,332)

Payables to the Pension Plan: The District recorded no accrued liabilities payable to the System for the year ended December 31, 2020.

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

(11) Risk Management

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

(12) Concentrations

Substantially all of the District's revenues are in the form of communications and cellular tax revenues. The communications and cellular taxes collected during 2020 accounted for approximately 95% of the District's total revenues.

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

The collection of the Wireless E911 tax is authorized by Louisiana Revised Statute 33:9109. According to the statute, the District is to collect the tax from the providers of wireless communications. The proceeds of the tax are restricted in use for payment of service suppliers' and the District's costs associated with the implementation of Phase I and Phase II enhancements required by the FCC. Once these expenditures have been made and the system implementation is complete, the proceeds become unrestricted and may be used for any lawful purpose of the District. All Phase I and Phase II system implementation requirements are complete. During the year ended December 31, 2020, the District collected wireless communication taxes totaling $522,302.

During the year ended December 31, 2020, the District received a total of 51,487 calls. This represents an 8% decrease in call volume from the District's 2019 call volume.

(14) Long-Term Lease Commitments

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

On February 27, 2019 the District's board approved extending this lease for an additional two years at a cost of $55,800 per year.

Minimum future rental payments under non-cancelable operating leases having remaining terms in excess of one year as of December 31, 2020 are as follows:

Year Ended December 31	Amount
2021	$ 55,800

(15) New Accounting Pronouncements

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

GASB Statement No. 87, *Leases*

> The Statement increased the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the fundamental principle that leases are financings of the right to use an underlying asset. The provisions of GASB Statement No. 87 are effective for fiscal years beginning after June 15, 2021.

GASB Statement No. 89, *Accounting for Interest Costs Incurred before the End of a Construction Period*

The Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. The Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The provisions of GASB Statement No. 89 are effective for fiscal periods beginning after December 15, 2020

The effects of implementation of GASB Statement Nos. 87 and 89 or their applicability on the District's financial statements have not yet been determined.

REQUIRED SUPPLEMENTARY INFORMATION

ST. MARY PARISH COMMUNICATIONS DISTRICT
Morgan City, Louisiana

Budgetary Comparison Schedule
General Fund
Year Ended December 31, 2020

	Original	Amended	Actual	Variance - Favorable (Unfavorable)
Revenues:				
Tax				
Landline tax	$ 224,111	$ 198,787	$ 184,183	$ (14,604)
Voice over Internet Protocol (VoIP) tax	115,608	110,759	111,931	1,172
Cellular tax	509,918	511,702	522,302	10,600
Prepaid wireless tax	135,200	130,265	112,992	(17,273)
Intergovernmental cost share	29,616	27,715	27,716	1
Intergovernmental -FEMA	-	-	11,171	11,171
Other revenues	11,250	8,296	5,855	(2,441)
Total revenues	1,025,703	987,524	976,150	(11,374)
Expenditures:				
Public safety:				
Salaries and related taxes and benefits	700,504	735,228	685,440	49,788
Telephone and equipment rental	161,200	108,950	89,393	19,557
Dues and subscriptions	2,200	2,200	1,532	668
Insurance	29,800	30,000	29,411	589
Office	1,825	2,025	2,997	(972)
Professional fees	27,875	27,850	26,585	1,265
Repairs and maintenance	27,394	27,175	25,902	1,273
Supplies	8,500	9,000	10,960	(1,960)
Travel and training	3,750	3,000	2,892	108
Utilities	9,400	8,000	7,477	523
Capital outlay	700	700	-	700
Total expenditures	973,148	954,128	882,589	71,539
Net change in fund balance	52,555	33,396	93,561	60,165
Fund balance, beginning	1,050,432	1,050,432	1,050,432	-
Fund balance, ending	$ 1,102,987	$ 1,083,828	$ 1,143,993	$ 60,165

See notes to required supplementary information..

ST. MARY PARISH COMMUNICATIONS DISTRICT
Morgan City, Louisiana

Schedule of Employer's Share of Net Pension Liability/Asset
Year Ended December 31, 2020

Plan Year Ended December 31,	Employer Proportion of the Net Pension Liability (Asset)	Employer Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
2014	0.051340%	$ 14,037	280,314	5.01%	99.15%
2015	0.054509%	$ 143,483	312,503	45.91%	92.23%
2016	0.059151%	$ 121,822	349,834	34.82%	94.15%
2017	0.061148%	$ (45,387)	410,368	11.06%	101.98%
2018	0.082447%	$ 365,929	469,901	77.87%	88.86%
2019	0.087462%	$ 4,117	$ 520,557	0.79%	99.89%

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

ST. MARY PARISH COMMUNICATIONS DISTRICT
Morgan City, Louisiana

Schedule of Employer Contributions
Year Ended December 31, 2020

Fiscal Year Ended December 31,	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2015	$ 45,322	$ 45,322	$ -	$ 312,503	14.50%
2016	$ 45,478	$ 45,478	$ -	$ 349,834	13.00%
2017	$ 51,296	$ 51,296	$ -	$ 410,368	12.50%
2018	$ 54,039	$ 54,039	$ -	$ 469,901	11.50%
2019	$ 59,864	$ 59,864	$ -	$ 520,557	11.50%
2020	$ 56,419	$ 56,419	$ -	$ 490,600	11.50%

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

ST. MARY PARISH COMMUNICATIONS DISTRICT
Morgan City, Louisiana

Notes to Required Supplementary Information
Year Ended December 31, 2020

(1) Budgetary Basis of Accounting

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

(2) Budgetary Practices

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

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

(3) Pension Plan

A. Changes in Benefit Terms

There were no changes of benefit terms

B. Changes in Assumptions

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

OTHER SUPPLEMENTARY INFORMATION

ST. MARY PARISH COMMUNICATIONS DISTRICT
Morgan City, Louisiana

Schedule of Insurance in Force
December 31, 2020

Insurer	Type of Insurance	Coverage		Exp. Date
Special Risk Ins., Inc.	Business personal property	Building and contents	$ 1,182,174	6/13/2021
Special Risk Ins., Inc.	Auto liability	Each accident	$ 1,000,000	6/13/2021
		Uninsured motorist	$ 1,000,000	
LWCC	Workers compensation	Each accident	$ 1,000,000	12/31/2021
		Policy limit	$ 1,000,000	
Special Risk Ins., Inc.	Management liability	Aggregate	$ 2,000,000	6/13/2021
		Each accident	$ 1,000,000	
Special Risk Ins., Inc.	General liability	Aggregate	$ 2,000,000	6/13/2021
		Each accident	$ 1,000,000	

INTERNAL CONTROL, COMPLIANCE AND OTHER MATTERS

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

Victor R. Slaven, CPA* - retired 2020

* A Professional Accounting Corporation

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

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

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

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

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

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

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

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

WWW.KCSRCPAS.COM

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of the St. Mary Parish Communications District (hereinafter "District"), a component unit of the Parish of St. Mary, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated August 19, 2021.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, we identified a deficiency in internal control that we consider to be a material weakness, and which is described in the accompanying summary schedule of audit results and findings as item 2020-001.

Compliance and Other Matters

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

District's Response to Finding

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

Purpose of this Report

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

Kolder, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
August 19, 2021

ST. MARY PARISH COMMUNICATIONS DISTRICT
Morgan City, Louisiana

Summary Schedule of Prior Audit Findings
Year Ended December 31, 2020

2019-001 – Financial Reporting

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

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

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

ST. MARY PARISH COMMUNICATIONS DISTRICT
Morgan City, Louisiana

Schedule of Audit Results and Findings
Year Ended December 31, 2020

Part I. Summary of Auditor's Results

Financial Statements

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

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

2. Internal control over financial reporting:

Material weakness(es) identified?	✓	yes		no
Significant deficiency(ies) identified?		yes	✓	none reported

3. Noncompliance material to the financial statements? ___ yes ✓ no

Other

4. Management letter issued? ___ yes ✓ no

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

2020-001 – Financial Reporting

Year Initially Occurring: Unknown

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

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

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

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

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

Part III. Findings and Questioned Costs Relating to Federal Programs

This section is not applicable for the year ended December 31, 2020.

ST. MARY PARISH COMMUNICATIONS DISTRICT
Morgan City, Louisiana

Corrective Action Plan for Current Audit Findings
Year Ended December 31, 2020

2020-001 – Financial Reporting

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

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