

**HOSPITAL SERVICE DISTRICT NO. 3
OF THE PARISH OF ST. MARY,
STATE OF LOUISIANA**

FINANCIAL REPORT

For The Year Ended September 30, 2014

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

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To the Board of Commissioners
Hospital Service District No. 3 of the
Parish of St. Mary, State of Louisiana
Morgan City, Louisiana

We have reviewed the accompanying financial statements of the business-type activities of the Hospital Service District No. 3 of the Parish of St. Mary, State of Louisiana (hereinafter, "District"), a component unit of the St. Mary Parish Council, State of Louisiana, as of and for the year ended September 30, 2014, which collectively comprise the District's basic financial statements as listed in the table of contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the management of the District. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

The management of the District is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Our review was made primarily for the purpose of expressing a conclusion that there are no material modifications that should be made to the financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America. The supplemental information

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on pages 15 through 16 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been compiled from information that is the representation of management. We have not audited or reviewed the supplemental information and we do not express an opinion or provide any assurance on such supplemental information.

Management has omitted the 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 and for placing the basic financial statements in an appropriate operational, economic, or historical context. The results of our review of the basic financial statements are not affected by this missing information.

Dannall, Sikes, Gardes & Frederick
(A Corporation of Certified Public Accountants)

Morgan City, Louisiana
February 19, 2015

FINANCIAL STATEMENTS

HOSPITAL SERVICE DISTRICT NO. 3
OF THE PARISH OF ST. MARY,
STATE OF LOUISIANA

Statement of Net Position
September 30, 2014

ASSETS

Current assets	
Cash	\$ 50,229
Prepaid expenses	<u>5,148</u>
Total current assets	55,377
Noncurrent assets	
Restricted assets	
Cash and investments	254,294
Accrued interest	<u>379</u>
Total restricted assets	254,673
Capital assets	
Nondepreciable	48,998
Depreciable, net of accumulated depreciation	<u>434,531</u>
Total capital assets	<u>483,529</u>
Total noncurrent assets	<u>738,202</u>
TOTAL ASSETS	<u>\$ 793,579</u>

LIABILITIES

Current liabilities	
Accounts payable	\$ 8,566
Payroll taxes payable	<u>1,418</u>
Total current liabilities	9,984

NET POSITION

Net investment in capital assets	483,529
Restricted for capital improvements	254,673
Unrestricted	<u>45,393</u>
Total net position	<u>783,595</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 793,579</u>

See accompanying notes and independent accountant's review report.

HOSPITAL SERVICE DISTRICT NO. 3
OF THE PARISH OF ST. MARY,
STATE OF LOUISIANA

Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended September 30, 2014

OPERATING REVENUES

Building and property rental	\$ 265,000
Other revenues	<u>2,192</u>
Total operating revenues	267,192

OPERATING EXPENSES

Advertising	281
Auto expense	700
Board members' compensation	2,080
Depreciation	40,821
Office supplies	584
Insurance	101,178
Repairs and maintenance	47,451
Salaries	125,395
Payroll taxes	9,956
Taxes and licenses	160
Telephone	1,184
Pension	3,059
Professional fees	<u>12,070</u>
Total operating expenses	<u>344,919</u>

OPERATING LOSS (77,727)

NONOPERATING REVENUES (EXPENSES)

Loss on impairment	(12,065)
Interest income	<u>789</u>
Total nonoperating revenues (expenses)	<u>(11,276)</u>

CHANGE IN NET POSITION (89,003)

NET POSITION, BEGINNING (AS RESTATED) 872,598

NET POSITION, ENDING \$ 783,595

See accompanying notes and independent accountant's review report.

HOSPITAL SERVICE DISTRICT NO. 3
OF THE PARISH OF ST. MARY,
STATE OF LOUISIANA

Statement of Cash Flows
For the Year Ended September 30, 2014

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers and users	\$ 272,262
Payments to suppliers for goods and services	(168,944)
Payments to employees	<u>(138,299)</u>
Net cash used by operating activities	(34,981)

**CASH FLOWS FROM CAPITAL AND
RELATED FINANCING ACTIVITIES**

Acquisition and construction of capital assets	(14,910)
Insurance recoveries on impaired asset	<u>9,692</u>
Net cash used by capital and related financing activities	(5,218)

CASH FLOWS FROM INVESTING ACTIVITIES

Interest received	<u>29</u>
Net cash provided by investing activities	<u>29</u>
Net decrease in cash and cash equivalents	(40,170)
Cash and cash equivalents - October 1, 2013	<u>90,399</u>
Cash and cash equivalents - September 30, 2014	<u>\$ 50,229</u>

**Reconciliation of operating loss to net cash
used by operating activities:**

Operating loss	\$ (77,727)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	40,821
Decrease in accounts receivable	5,070
Decrease in accounts payable	(3,256)
Increase in payroll related payables	<u>111</u>
Total adjustments	<u>42,746</u>
Net cash used by operating activities	<u>\$ (34,981)</u>

See accompanying notes and independent accountant's review report.

HOSPITAL SERVICE DISTRICT NO. 3
OF THE PARISH OF ST. MARY,
STATE OF LOUISIANA

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Hospital Service District No. 3 of the Parish of St. Mary, State of Louisiana (Fairview Hospital) was created by Ordinance No. 726 of the St. Mary Parish Police Jury, on August 14, 1968. The District encompasses all of the territory situated in Wards 5 and 8 of St. Mary Parish.

The District is a component unit and an integral part of the St. Mary Parish Council, the reporting entity which exercises oversight and control over the District. The District operates under a Board of Commissioners. These financial statements include all funds of the District.

The following is a summary of certain significant accounting policies:

A) Basis of Presentation:

The accompanying financial statements of the Hospital Service District No. 3 of the Parish of St. Mary, State of Louisiana have been prepared on the full accrual basis in accordance with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting principles and reporting standards. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statute 24:513 and to the guides set forth in the *Louisiana Governmental Audit Guide* and to the industry audit guide, *Audits of State and Local Governmental Units*.

B) Fund Accounting:

The accounting system is organized and operated on a fund basis (Enterprise fund) whereby a separate self-balancing set of accounts comprised of assets, liabilities, revenues and expenses is maintained for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. There are two types of Proprietary funds, Enterprise Funds and Internal Service Funds. Hospital Service District No. 3 operates as an Enterprise Fund.

C) Enterprise Fund:

The Enterprise Fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance public policy, management control, accountability or other purposes.

D) Basis of Accounting:

The District's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

HOSPITAL SERVICE DISTRICT NO. 3
OF THE PARISH OF ST. MARY,
STATE OF LOUISIANA

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

The principal ongoing operating revenue of the District's Enterprise Fund is charges for rental services. Operating expenses for the Enterprise Fund include the cost of maintenance on the rental property and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

E) Capital Assets:

All property, plant and equipment are valued at historical cost or estimated historical cost if actual historical cost is not available. Additions, improvements, and expenditures that add materially to the productive capacity, or extend the life of the asset, are capitalized. Donated property, plant and equipment are valued at their estimated fair value on the date donated. As of September 30, 2014, all assets on the balance sheet are valued at historical cost.

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported in Note 4. Depreciation has been provided over estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Buildings and Improvements	10 - 40 years
Equipment	5 - 10 years

F) Statement of Cash Flows:

For the purpose of the statement of cash flows, the District considers all highly-liquid asset investments with a maturity of three months or less when purchased to be cash equivalents.

G) Accumulated Vacation, Compensatory Time and Sick Leave:

Accumulated vacation, compensatory time and sick leave are recorded as an expenditure of the period in which incurred. For the year ended September 30, 2014, unrecorded liabilities were considered immaterial to the financial statements taken as a whole.

H) Investments:

At September 30, 2014, the District's investments consisted of certificates of deposit, stated at cost, which approximates market. Investment income is reported as nonoperating revenue.

HOSPITAL SERVICE DISTRICT NO. 3
OF THE PARISH OF ST. MARY,
STATE OF LOUISIANA

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I) **Reporting Entity:**

GASB Statement No. 14, *Governmental Reporting Entity*, established criteria for determining which organizations should be included in a governmental financial reporting entity. The focal point for defining the financial reporting entity is the primary government. The District is a component unit of the St. Mary Parish Council (primary government) and, as such, these financial reports may be included in the CAFR of the Council for the year ended December 31, 2014. The District has followed GASB-14 guidance to determine that there are no financial statements of other organizations that should be combined with their statements to form a financial reporting entity.

J) **Estimates:**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

K) **Change in Accounting:**

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, was implemented during the year ended September 30, 2014. This GASB statement clarifies the appropriate reporting of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. The adoption of the standard did not affect the presentation of the District's financial statements for the year ended September 30, 2014.

L) **Equity Classifications:**

In the basic financial 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 net position* – 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 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.”

HOSPITAL SERVICE DISTRICT NO. 3
OF THE PARISH OF ST. MARY,
STATE OF LOUISIANA

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M)Subsequent Events:

Management has evaluated subsequent events through February 19, 2015, the date the financial statements were available to be issued.

NOTE 2 CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash includes amounts in demand deposits, interest-bearing deposits, and money market accounts. The District considers cash equivalents amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana Law and national banks having their principal offices in Louisiana. Statutes also authorize the District to invest in certificates of deposit, repurchase agreements, passbooks, banker's acceptances, and other available bank investments provided that the approved securities are pledged to secure those funds on deposit, as required. The District's cash and investment balances at September 30, 2014 consist of the following:

	Stated Value 9/30/2014	Bank Balance 9/30/2014
Cash	\$ 50,229	\$ 50,029
Certificates of deposit	254,294	254,294
Total	\$ 304,523	\$ 304,323

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 bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the bank.

Louisiana R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the District that the fiscal agent has failed to pay deposited funds upon demand.

NOTE 3 RESTRICTED ASSETS

Assets whose use is restricted include cash, cash equivalents and accrued interest earned on cash accounts held for future capital improvements. The composition of assets whose use is limited at September 30, 2014 is set forth below:

HOSPITAL SERVICE DISTRICT NO. 3
OF THE PARISH OF ST. MARY,
STATE OF LOUISIANA

Notes to the Financial Statements

NOTE 3 RESTRICTED ASSETS (CONTINUED)

	9/30/2014
Cash and investments	\$ 254,294
Accrued interest receivable	379
Total	\$ 254,673

These amounts are classified on the balance sheet as noncurrent in the amount of \$254,673 for future capital improvements and future repairs and maintenance.

NOTE 4 CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2014 was as follows:

	Balance 9/30/2013	Additions	Deletions	Balance 9/30/2014
Capital assets not being depreciated:				
Land	\$ 48,998	\$ -	\$ -	\$ 48,998
Capital assets being depreciated:				
Buildings				
Claire House	594,491	-	-	594,491
Fairview	1,512,798	-	-	1,512,798
Improvements	334,039	-	-	334,039
Equipment	450,609	14,910	(28,074)	437,445
Total capital assets being depreciated	2,891,937	14,910	(28,074)	2,878,773
Less accumulated depreciation for:				
Buildings				
Claire House	(260,575)	(12,683)	-	(273,258)
Fairview	(1,489,029)	(14,890)	-	(1,503,919)
Improvements	(268,160)	(9,916)	-	(278,076)
Equipment	(391,973)	(3,332)	6,316	(388,989)
Total accumulated depreciation	(2,409,737)	(40,821)	6,316	(2,444,242)
Capital assets, being depreciated, net	482,200	(25,911)	(21,758)	434,531
Capital assets, net	\$ 531,198	\$ (25,911)	\$ (21,758)	\$ 483,529

Depreciation expense for the year ended September 30, 2014 was \$40,821.

HOSPITAL SERVICE DISTRICT NO. 3
OF THE PARISH OF ST. MARY,
STATE OF LOUISIANA

Notes to the Financial Statements

NOTE 4 CAPITAL ASSETS (CONTINUED)

Impairment Loss

The District received insurance recoveries totaling \$9,692 for equipment failure which is shown net of the resulting loss on impairment in the statement of revenues, expenses, and changes in net position.

NOTE 5 RETIREMENT

The District established a savings incentive match plan, a Simple Retirement Account. All employees are eligible to participate regardless of compensation and years of service. The District will contribute a matching contribution to each eligible employee's Simple IRA equal to the employee's salary reduction contributions up to a limit of 3% of the employee's compensation for the calendar year. All the contributions under the plan are fully vested and non-forfeitable. During the year ended September 30, 2014, the District contributed \$3,059 into this plan.

NOTE 6 RESTRICTED NET POSITION

The District has reserved certain resources for future capital improvements, repairs and maintenance of the District's buildings. These resources are to be utilized only after unrestricted resources are depleted.

	<u>9/30/2014</u>
Future capital improvements and future repairs and maintenance	<u>\$ 254,673</u>
Total reserved	<u>\$ 254,673</u>

NOTE 7 CLOSURE OF HOSPITAL

On January 31, 1988, the Board decided to cease operations as an acute care facility. The District's current function is to maintain the physical hospital facility. In an effort to maintain the building without taxing the property owners of the District, the buildings are currently being leased.

NOTE 8 ECONOMIC DEPENDENCE

Currently three entities account for 100% of the District's rental income: Fairview Treatment Center, the Drug Court, and the Claire House. Fairview Treatment Center accounts for 51%, the Drug Court accounts for 25%, and the Claire House accounts for 24% of the total rental income.

HOSPITAL SERVICE DISTRICT NO. 3
OF THE PARISH OF ST. MARY,
STATE OF LOUISIANA

Notes to the Financial Statements

NOTE 9 RELATED PARTIES

The District and Recreation District No. 3, a component unit of the St. Mary Parish Council, entered into an agreement for Recreation District No. 3 to utilize 4.98 acres of land for a ball park. This is cancelable by agreement between the participants or until such time that it is determined that this property is needed by the District for a good and valid purpose, at which time the District shall give written notice to Recreation District No. 3 to vacate the property within six months and remove its facilities.

St. Mary Parish Library System (the Library), a component unit of the St. Mary Parish Council, and the District entered into an agreement which allows the Library to use a small section of land adjacent to the hospital for a library.

NOTE 10 LEASES

The District is the lessor of all of its depreciable capital assets to three entities: Fairview Treatment Center, the Drug Court, and the Claire House, all component units of the St. Mary Parish Council. All three agreements are cancellable operating leases, and the capital assets have a cost of \$2,878,773, accumulated depreciation of \$2,444,242, and a carrying value of \$434,531. All of the capital assets are used for the entities' daily operations.

As of September 30, 2014, the District received the following amounts which are included in building and property rental:

Fairview Treatment Center	\$ 136,528
Drug Court	67,625
Claire House	<u>60,847</u>
	<u>\$ 265,000</u>

NOTE 11 RESTATEMENT OF PRIOR YEAR FINANCIALS

The financial statements as of and for the year ended September 30, 2013 have been restated to correct for the erroneous overstatement of prior year rent receivables. The result of this restatement is a net decrease in net position of \$5,637.

SUPPLEMENTAL INFORMATION

HOSPITAL SERVICE DISTRICT NO. 3
OF THE PARISH OF ST. MARY,
STATE OF LOUISIANA

Schedule of Compensation Paid to Board Members (Compiled)
For the Year Ended September 30, 2014

	<u>Per Diem</u>	<u>Number of Meetings Attended</u>
Ovay Rogers	\$ 480	12
Cabrini Angeron	360	9
Glenn Elliott	440	11
Brian Head	320	8
Susan Legendre	<u>480</u>	12
	<u>\$ 2,080</u>	

HOSPITAL SERVICE DISTRICT NO. 3
OF THE PARISH OF ST. MARY,
STATE OF LOUISIANA

Schedule of Insurance in Force (Compiled)
For the Year Ended September 30, 2014

<u>Insurer</u>	<u>Type of Coverage</u>	<u>Coverage</u>	<u>Expiration</u>
Endurance American Specialty Ins. Co.	General Liability		11/1/2014
	Bodily Injury:		
	Each Occurrence	\$ 1,000,000	
	Aggregate	\$ 2,000,000	
Mt. Hawley Ins.	Property		11/1/2014
	Building	\$ 6,195,800	
	Contents	\$ 35,500	
	Building	\$ 445,000	
LA Citizens Ins.	Wind & Hail		11/1/2014
	Building	\$ 4,515,000	
	Contents	\$ 35,500	
	Building (Claire House)	\$ 445,800	
Old Republic Ins. Co.	Directors & Officers		3/20/2015
	Aggregate	\$ 1,000,000	
LWCC	Workmen's Compensation		Monthly
	By Accident	\$ 1,000,000	
	Aggregate	\$ 1,000,000	
	Each Employee	\$ 1,000,000	

HOSPITAL SERVICE DISTRICT NO. 3
OF THE PARISH OF ST. MARY,
STATE OF LOUISIANA

Summary Schedule of Prior Year Findings
For the Year Ended September 30, 2014

13-1 Finding: Inadequate Segregation of Accounting Functions

Status: This finding is unresolved. See current year finding 2014-001.

HOSPITAL SERVICE DISTRICT NO. 3
OF THE PARISH OF ST. MARY,
STATE OF LOUISIANA

Schedule of Findings and Responses
For the Year Ended September 30, 2014

The following finding is related to the review of the District's September 30, 2014 financial statements:

2014-001 Inadequate segregation of accounting functions

Criteria: A strong internal control system requires the segregation of responsibilities between different individuals responsible for separate major areas of the accounting system.

Condition: Due to the small number of accounting personnel, the District did not have adequate segregation of functions within its accounting system.

Cause: The failure to design and implement policies and procedures necessary to achieve adequate internal control led to this condition.

Effect: The likelihood that a material misstatement will not be prevented or detected and corrected on a timely basis is increased. The perpetration of fraudulent activity is easier to achieve under this condition.

Recommendation: Based upon the size of the entity and the cost-benefit consideration of additional personnel, it may not be feasible to achieve complete segregation of accounting functions.

Views of Responsible Officials and Planned Corrective Actions: Management is aware of the condition and has determined that based upon the size of the District and the cost-benefit consideration of additional personnel, it is not feasible to achieve complete segregation of duties.

**REQUIREMENTS OF THE *LOUISIANA GOVERNMENTAL
AUDIT GUIDE***



**Darnall, Sikes,
Gardes & Frederick.**

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Commissioners
Hospital Service District No. 3 of the
Parish of St. Mary, State of Louisiana
Morgan City, Louisiana

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of Hospital Service District No. 3 of the Parish of St. Mary, State of Louisiana (hereinafter, "District"), of the Parish of St. Mary, State of Louisiana, and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the District's compliance with certain laws and regulations during the year ended September 30, 2014 included in the accompanying Louisiana Attestation Questionnaire. Management of the District is responsible for its financial records and compliance with applicable laws and regulations. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Public Bid Law

1. Select all expenditures made during the year for material and supplies exceeding \$30,000, or public works exceeding \$150,000, and determine whether such purchases were made in accordance with R.S. 38:2211-2296 (the public bid law) or R.S. 39:1551-39:1775 (the state procurement code), whichever is applicable.

Scanned disbursements made during the year for materials and supplies exceeding \$30,000, and for public works exceeding \$150,000. There were no expenditures during the year that exceeded the public bid law threshold.

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Certified Public Accountants
Society of Louisiana
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Code of Ethics for Public Officials and Public Employees

2. Obtain from management a list of the immediate family members of each board member as defined by R.S. 42:1101-1124 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

The required list, which included the noted information above, was obtained from management.

3. Obtain from management a listing of all employees paid during the period under examination.

Management provided us with a listing of all employees paid during the period under examination.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon Procedure 3 were also included on the listing obtained from management in agreed-upon Procedure 2 as immediate family members.

It was determined that there were no employees included on the list of employees provided by management in agreed-upon Procedure 3 that also appeared on the list provided by management in agreed-upon Procedure 2.

Budgeting

5. Obtain a copy of the legally adopted budget and all amendments.

This procedure was not applicable since the District operates using only a proprietary fund.

6. Trace the budget adoption and amendments to the minute book.

This procedure was not applicable since the District is not required to have a budget as mentioned in Procedure 5.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues failed to meet budgeted revenues by 5% or more, or if actual expenditures exceed budgeted amounts by 5% or more.

This procedure was not applicable since the District is not required to have a budget as mentioned in Procedure 5.

Accounting and Reporting

8. Randomly select six disbursements made during the period under examination and:

- (a) Trace payments to supporting documentation as to proper amount and payee;

We examined supporting documentation for each of the six selected disbursements and found that payment was for the proper amount and made to the correct payee.

- (b) Determine if payments were properly coded to the correct fund and general ledger account; and

All six of the payments were properly coded to the correct fund and general ledger account.

- (c) Determine whether payments received approval from proper authorities.

Per inspection of documentation supporting each of the six selected disbursements, approval from the accountant and the chairman of the Board of Commissioners were noted in all instances. In addition, each of the disbursements was traced to the district's minute book where they were approved by the full commission.

Meetings

- 9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by R.S. 42:11 through 42:28 (the open meetings law).

Per our examination, the District complied with R.S. 42:11 through 42:28 (the open meetings law).

Debt

- 10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds, or like indebtedness.

We inspected copies of all bank deposit slips for the period under examination and noted no deposits which appeared to be proceeds of bank loans, bonds, or like indebtedness.

Advances and Bonuses

- 11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees that may constitute bonuses, advances, or gifts.

Per review of the minutes, no such payment approvals were noted.

We also inspected payroll records for the year and noted no instances which would indicate payments to employees which would constitute bonuses, advances, or gifts.

Prior Comments and Recommendations

The predecessor's prior year report, dated January 24, 2014, did not include any comments or unresolved matters.

We were not engaged to perform, and did not perform, an audit, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of the District and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Dannall, Sikes, Gardes & Frederick
(A Corporation of Certified Public Accountants)

Morgan City, Louisiana
February 19, 2015

**LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Government)**

February 19, 2015

Darnall, Sikes, Gardes & Frederick, CPAs
1201 Brashear Avenue
Morgan City, LA 70380

In connection with your review of our financial statements as of [date] and for the year then ended, and as required by Louisiana Revised Statute (R.S.) 24:513 and the Louisiana Governmental Audit Guide, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of February 16, 2015.

Public Bid Law

It is true that we have complied with the public bid law, R.S. Title 38:2211-2296, and, where applicable, the regulations of the Division of Administration and the State Purchasing Office.

Yes [X] No []

Code of Ethics for Public Officials and Public Employees

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of R.S. 42:1101-1124.

Yes [X] No []

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of R.S. 42:1119.

Yes [X] No []

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (R.S. 39:1301-15), R.S. 39:33, or the budget requirements of R.S. 39:1331-1342, as applicable.

Yes [] No [] N/A

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by R.S. 44:1, 44:7, 44:31, and 44:36.

Yes [X] No []

We have filed our annual financial statements in accordance with R.S. 24:514, and 33:463 where applicable.

Yes [X] No []

We have had our financial statements reviewed in accordance with R.S. 24:513.

Yes [X] No []

We have complied with R.S. 24:513 A. (3) regarding disclosure of compensation, reimbursements, benefits and other payments to the agency head, political subdivision head, or chief financial officer.

Yes [X] No []

Meetings

We have complied with the provisions of the Open Meetings Law, provided in R.S. 42:11 through 42:28.

Yes [X] No []

Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and R.S. 39:1410.60-1410.65.

Yes [X] No []

Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, R.S. 14:138, and AG opinion 79-729.

Yes [X] No []

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance that may occur subsequent to the issuance of your report.

<u>Rally Mayon</u>	Secretary	<u>2/19/15</u>	Date
<u>Christine Angem</u>	Treasurer	<u>2-19-15</u>	Date
<u>Wayne</u>	President	<u>2/19/15</u>	Date