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ST. MARY PARISH COMMUNICATIONS DISTRICT
STATE OF LOUISIANA

Annual Component Unit Financial Statements
with Independent Auditors' Report

and

Report on Internal Accounting Control and Compliance

For the Year Ended December 31, 1999

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 08-16-00

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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
St. Mary Parish
Communications District, State of Louisiana
Franklin, Louisiana

We have audited the accompanying general purpose financial statements of St. Mary Parish Communications District, State of Louisiana, a component unit of the St. Mary Parish Council, as of and for the year ended December 31, 1999, as listed in the table of contents. These general purpose financial statements are the responsibility of St. Mary Parish Communications District, State of Louisiana's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of St. Mary Parish Communications District, State of Louisiana as of December 31, 1999, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated April 21, 2000 on our consideration of St. Mary Parish Communications District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

A handwritten signature in black ink, appearing to read "R. E. Miller", is written over a faint, illegible stamp.

CERTIFIED PUBLIC ACCOUNTANTS

April 21, 2000

FINANCIAL INFORMATION SECTION

ST. MARY PARISH COMMUNICATIONS DISTRICT
 State of Louisiana
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
 December 31, 1999

	<u>Governmental Fund Type General Fund</u>	<u>Account Group General Fixed Assets</u>	<u>Total (Memorandum Only)</u>
ASSETS			
Cash	\$48,113		\$48,113
Receivables	40,633		40,633
Furniture and equipment		\$87,775	87,775
Total assets	\$88,746	\$87,775	\$176,521
 LIABILITIES, EQUITY AND OTHER CREDITS			
Liabilities			
Accounts payable and accrued expenses	\$11,520		\$11,520
Total liabilities	11,520		11,520
 Equity and Other Credits			
Investment in general fixed assets		\$87,775	87,775
Fund Balance	77,226		77,226
Total equity and other credits	77,226	87,775	165,001
Total liabilities, equity, and other credits	\$88,746	\$87,775	\$176,521

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

ST. MARY PARISH COMMUNICATIONS DISTRICT
 State of Louisiana
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual
 General Fund
 December 31, 1999

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues			
Communications District tax	\$269,000	\$268,336	(\$664)
Cellular tax	71,901	72,817	916
Interest earned	5,000	4,443	(557)
	<u>345,901</u>	<u>345,596</u>	<u>(305)</u>
Expenditures			
Public safety			
Salaries	201,400	203,473	(2,073)
Payroll taxes and employee benefits	61,204	61,690	(486)
Telephone and equipment rental	86,800	86,882	(82)
Dues and subscriptions	2,610	2,629	(19)
Professional fees	16,370	16,370	
Building Rental	4,060	4,060	
Supplies	6,752	9,276	(2,524)
Travel and training	3,322	3,286	36
Repairs and maintenance	3,558	4,073	(515)
Postage	147	150	(3)
SCB administration fee	3,150	3,116	34
Cellular administration fee	206	156	50
Bank Charges	982	979	3
Uniforms	1,006	973	33
Utilities	3,200	3,447	(247)
Capital outlay	6,564	3,665	2,899
	<u>401,331</u>	<u>404,225</u>	<u>(2,894)</u>
Excess (deficiency) of revenues over expenditures	(55,430)	(58,629)	(3,199)
Fund balance, beginning of year	<u>123,107</u>	<u>135,855</u>	<u>12,748</u>
Fund balance, end of year	<u>\$67,677</u>	<u>\$77,226</u>	<u>\$9,549</u>

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

St. Mary Parish Communications District
State of Louisiana

Notes to the Financial Statements
December 31, 1999

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

St. Mary Parish Communications District, State of Louisiana was created by Ordinance No. 1054 of the St. Mary Parish Council, on March 8, 1989, to provide E911 services for all territory within the corporate limits of the Parish of St. Mary, State of Louisiana.

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

A. Reporting Entity

In evaluating how to define the governmental unit, for financial reporting purposes, consideration has been given to the following criteria as set forth in GAAP:

- a. Financial benefit or burden
- b. Appointment of a voting majority
- c. Imposition of will
- d. Fiscally dependent

Based upon the above criteria, the District is a component unit and integral part of St. Mary Parish (the primary government).

These financial statements include only the operations of the District.

B. Fund Accounting

The District uses one fund and one account group to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the fund because they do not directly affect net expendable available financial resources.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types".

The District's current operations require the use of one fund, the general fund and one account group, the general fixed assets account group.

Governmental Fund

The General Fund is the primary operating fund of the District. It is used to account for all financial resources of the District, since at the current time no other funds are required.

C. 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. Expenditures are recorded when the related fund liability is incurred.

The District's major source of revenue is the Communications District tax which is recorded as revenue in the month collected by the telephone company.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Budgets

Budgets are adopted annually on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general fund. All annual appropriations lapse at fiscal year end. Budgets are amended when needed upon approval by the Board.

E. Cash

For financial statement purposes, cash includes demand deposits.

Certain cash deposits are maintained in commingled accounts with deposits of other governments. Interest earned on these commingled deposits are allocated to each entity based upon their pro rata share of the total deposit.

F. Fixed Assets

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisitions are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fixed assets are valued at cost.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Assets in the general fixed assets account group are not depreciated.

G. Compensated Absences

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

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

An accrual is made for the amount of compensation the employees will receive in the future based upon services performed in the current year for vacation time not used. These accruals at December 31, 1999, totaled approximately \$3,996.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Memorandum Only - Total Columns

Total columns on the general purpose financial statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or changes in financial position in conformity with generally accepted accounting principles. Neither are such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 2 - CASH AND CASH EQUIVALENTS

At year end, the carrying amount and the bank balance of the District's cash was \$48,113 which was fully covered by federal depository insurance.

NOTE 4 - FIXED ASSETS

The following is a summary of changes in the general fixed assets account group during the fiscal year.

	<u>Balance</u> <u>01/01/99</u>	<u>Additions</u>	<u>Balance</u> <u>12/31/99</u>
Furniture and equipment	<u>\$84,110</u>	<u>\$3,665</u>	<u>\$87,775</u>
Total	<u>\$84,110</u>	<u>\$3,665</u>	<u>\$87,775</u>

NOTE 5 - COMPENSATION OF COMMISSIONERS

The Commissioners of the district received no per diems for the year ended December 31, 1999.

NOTE 6 - COMMITMENTS

The District entered into a rental/service agreement with Bell South on November 20, 1989 to provide the District with the necessary answering point equipment and service lines to implement the 911 Emergency Service System. This agreement called for a nonrecurring charge (installment cost) of \$50,908 plus subsequent periodic monthly charges. The monthly charge of \$7,109 is made up of rental fees and service fees totaling \$3,122 and \$3,987 respectively. The monthly services and related charges are on a month-to-month basis and can be canceled upon notification.

NOTE 7 - PENSION PLAN AND OTHER RETIREMENT BENEFITS

St. Mary Parish Communications District contributes to the Parochial Employees' Retirement System of Louisiana (Plan A), a cost sharing multiple-employer public employee retirement system administered by a Board of Trustees consisting of seven members. The System provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries. The System was established by the Louisiana legislature by Act 205 of 1952 and revised by Act 765 of 1979. The System issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by calling the Parochial Employees' Retirement System of Louisiana at (225) 928-1361.

Plan members are required to contribute 9.50% of their annual covered salary and St. Mary Parish Communications District is required to contribute at a rate established by the State Legislature. The current rate is 7.75% of annual covered payroll. The District's actual contributions to the System for the years ending December 31, 1999, 1998, and 1997 were approximately \$15,000, \$13,000, and \$10,000 respectively; and equal the required contributions for each year.

NOTE 8 - 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 coverages from prior years.

NOTE 9 - CONCENTRATIONS

Substantially all of the District's revenues are in the form of communications and cellular tax revenue. The Communications taxes collected during 1999 accounted for approximately seventy-eight percent of the District's total revenue, and the cellular taxes collected accounted for approximately twenty-one percent of the District's total revenue received.

COMPLIANCE AND INTERNAL CONTROL SECTION



**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Commissioners
St. Mary Parish Communications District
State of Louisiana
Franklin, Louisiana

We have audited the general purpose financial statements of the St. Mary Parish Communications District, as of and for the year ended December 31, 1999, and have issued our report thereon dated April 21, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the St. Mary Parish Communications District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting

would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of management of the Department, the Legislative Auditor of the State of Louisiana and the Finance Committee of the St. Mary Parish Council. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

A handwritten signature in black ink, appearing to read "P. E. Math". The signature is written in a cursive, somewhat stylized font.

CERTIFIED PUBLIC ACCOUNTANTS

April 21, 2000

ST. MARY PARISH COMMUNICATIONS DISTRICT

Schedule of Findings, Questioned Costs and Federal Awards
For the Year Ended December 31, 1999

A. Summary of Audit Results

1. The auditors' report expresses an unqualified opinion on the general purpose financial statements of the St. Mary Parish Communications District.

2. *Report on Internal Control and Compliance Material to the Financial Statements*

Internal Control

There were no reportable conditions in internal control over financial reporting noted during the audit of the financial statements.

Compliance

There were no material instances of noncompliance noted during the audit of the financial statements.

3. Federal Awards

This section is not applicable for the year ended December 31, 1999.

B. Findings - Financial Statement Audit

No matters to be reported for the year ended December 31, 1999.

C. Findings and Questioned Costs - Federal Award Programs

This section is not applicable for the year ended December 31, 1999.

ST. MARY PARISH COMMUNICATIONS DISTRICT

Schedule of Prior Year Findings
For the Year Ended December 31, 1999

Internal Control and Compliance Material to the Financial Statements

Item of noncompliance:

Item 98-1 - A former employee of the District filed a lawsuit alleging wrongful termination as a 911 operator.

Corrective action:

A motion for summary judgment in favor of the District was granted by the court and the matter was closed.

Internal Control and Compliance Material to Federal Awards

This section was not applicable for the year ended December 31, 1998.

Management Letter

No findings were reported for the year ended December 31, 1998.