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**ST. MARY PARISH
COMMUNICATIONS DISTRICT**

**ANNUAL FINANCIAL REPORT
WITH INDEPENDENT AUDITOR'S REPORT**

YEAR ENDED DECEMBER 31, 2003

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 7-14-04

TABLE OF CONTENTS

	<u>Page</u>
I. INDEPENDENT AUDITOR'S REPORT	1 - 2
II. BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)	
Statement of net assets	5
Statement of activities	6
FUND FINANCIAL STATEMENTS (FFS)	
Balance sheet - governmental fund	9
Reconciliation of the governmental fund balance sheet to the statement of net assets	10
Statement of revenues, expenditures, and changes in fund balance - governmental fund	11
Reconciliation of the statement of revenues, expenditures, and changes in fund balance of governmental fund to the statement of activities	12
Notes to financial statements	13 - 20
III. REQUIRED SUPPLEMENTARY INFORMATION	
General Fund:	
Budgetary comparison schedule	22
IV. OTHER SUPPLEMENTARY INFORMATION	
Schedule of insurance in force (unaudited)	24
V. COMPLIANCE AND INTERNAL CONTROL	
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	26 - 27
Summary schedule of audit results	28
Summary schedule of prior audit findings	29
Corrective action plan for current year findings	30

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

We have audited the accompanying financial statements of the governmental activities and each major fund of the St. Mary Parish Communications District (the "District"), a component unit of the Parish of St. Mary, State of Louisiana, as of and for the year ended December 31, 2003, which collectively comprise the District's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the board of commissioners of the St. Mary Parish Communications District. Our responsibility is to express an opinion 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 *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 financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the board of commissioners, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of the St. Mary Parish Communications District as of December 31, 2003, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 2 to the basic financial statements, the District has implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for States and Local Governments*. This results in a change in the format and content of the basic financial statements.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 25, 2004 on our understanding of the District's compliance with laws and regulations and on its internal control over financial reporting. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The required supplementary information on page 22 is not a required part of the basic financial statements but is supplementary information required by the Government Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The St. Mary Parish Communications District has not presented management's discussion and analysis that the Government Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the basic financial statements.

Guidry, Chauvin & Taylor, CPA's
Certified Public Accountants

Franklin, Louisiana
June 25, 2004

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS (GWFS)**

ST. MARY PARISH COMMUNICATIONS DISTRICT
Morgan City, Louisiana

Statement of Net Assets
December 31, 2003

	<u>Governmental Activity</u>
ASSETS	
Cash and interest-bearing deposits	\$ 135,246
Communications taxes receivable	84,853
Capital assets, net	<u>11,921</u>
TOTAL ASSETS	<u>232,020</u>
LIABILITIES	
Accounts payable and accrued expenses	<u>22,247</u>
NET ASSETS	
Invested in capital assets, net of related debt	11,921
Unrestricted	<u>197,852</u>
TOTAL NET ASSETS	<u>\$ 209,773</u>

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, 2003

Program Expenses:

Public safety:

Salaries and related taxes and benefits	\$ 283,740
Telephone and equipment rental	86,587
Cellular administration fee	22,042
Dues and subscriptions	1,331
Insurance	3,392
Postage	177
Professional fees	3,325
Repairs and maintenance	3,335
Supplies	11,037
Travel and training	1,544
Utilities	3,819
Depreciation	<u>5,467</u>
Total expenses	<u>425,796</u>

Program revenues:

Charges for services	
Wireline tax	259,179
Cellular tax	216,514
Operating grant from FEMA	<u>1,946</u>
Total program revenues	<u>477,639</u>

Net program expenses 51,843

General revenues:

Interest earned -

Change in net assets 51,843

Net assets, beginning of year (as restated) 157,930

Net assets, end of year \$ 209,773

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

FUND FINANCIAL STATEMENTS (FFS)

ST. MARY PARISH COMMUNICATIONS DISTRICT
Morgan City, Louisiana

Balance Sheet – Governmental Fund
General Fund
December 31, 2003

ASSETS

Cash and interest-bearing deposits	\$ 135,246
Communications taxes receivable	<u>84,853</u>
Total assets	<u>\$ 220,099</u>

LIABILITIES AND FUND EQUITY

Liabilities:	
Accounts payable and accrued expenses	\$ 22,247
Fund equity:	
Fund balance - unreserved and undesignated	<u>197,852</u>
Total liabilities and fund equity	<u>\$ 220,099</u>

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

**ST. MARY PARISH COMMUNICATIONS DISTRICT
Morgan City, Louisiana**

**Reconciliation of the Governmental Fund Balance Sheet
to the Statement of Net Assets
December 31, 2003**

Total fund balance for governmental fund at December 31, 2003	\$ 197,852
Total net assets reported for governmental activities in the statement of net assets is different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund. Those assets consist of	
Furniture and equipment, net of \$81,789 accumulated depreciation	<u>11,921</u>
Net assets at December 31, 2003	<u>\$ 209,773</u>

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
General Fund
Year Ended December 31, 2003

Revenues:	
Wireline tax	\$ 234,402
Cellular tax	241,291
Intergovernmental - FEMA grant	<u>1,946</u>
Total revenues	<u>477,639</u>
Expenditures:	
Public safety:	
Salaries and related taxes and benefits	283,740
Telephone and equipment rental	86,587
Cellular administration fee	22,042
Dues and subscriptions	1,331
Insurance	3,392
Postage	177
Professional fees	3,325
Repairs and maintenance	3,335
Supplies	11,037
Travel and training	1,544
Utilities	3,819
Capital outlay	<u>-</u>
Total expenditures	<u>420,329</u>
Excess of revenues over expenditures	57,310
Fund balance, beginning of year	<u>140,542</u>
Fund balance, end of year	<u>\$ 197,852</u>

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

ST. MARY PARISH COMMUNICATIONS DISTRICT
Morgan City, Louisiana

**Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balance of the Government Fund to the
Statement of Activities
Year Ended December 31, 2003**

Total net changes in fund balance for the year ended December 31, 2003 per
Statement of Revenues, Expenditures and Changes in Fund Balance \$ 57,310

The change in net assets reported for governmental activities in the
statement of activities is different because:

Governmental funds report capital outlays as expenditures. However,
in the statement of activities, the cost of those assets is allocated
over their estimated useful lives and reported as depreciation expense.

Capital outlay which is considered expenditures on Statement of
Revenues, Expenditures and Changes in Fund Balance
Depreciation expense for the year ended December 31, 2003

-
(5,467) (5,467)

Total changes in net assets for the year ended December 31, 2003 per
Statement of Activities \$ 51,843

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

ST. MARY PARISH COMMUNICATIONS DISTRICT

Notes to the Financial Statements Year Ended December 31, 2003

The St. Mary Parish Communications 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.

NOTE 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 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. This criteria includes:

- 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.

ST. MARY PARISH COMMUNICATIONS DISTRICT

Notes to the Financial Statements (Continued)
Year Ended December 31, 2003

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Because the parish council appoints the governing body and has the ability to significantly impose its will, the District is a component of the St. Mary Parish Council, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the council, 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 St. Mary Parish Communications District have been prepared in conformity with governmental 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 standards and financial reporting principles. 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. As a result, an entirely new financial presentation format has been implemented.

Government-Wide Financial Statements (GWFS)

The Statement of Net Assets 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.

ST. MARY PARISH COMMUNICATIONS DISTRICT

Notes to the Financial Statements (Continued)
Year Ended December 31, 2003

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements (FFS)

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, liabilities, 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 (the extent to which fixed asset costs have been estimated and the methods of estimation should be disclosed) if historical cost is not available (or describe other method of valuation). 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 capital assets.

Capital assets are recorded in the Statement of Net Assets and Statement of Activities. Since surplus assets are sold for an immaterial amount 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:

<u>Asset Class</u>	<u>Useful Lives</u>
Equipment	5-10
Furniture & fixtures	10

ST. MARY PARISH COMMUNICATIONS DISTRICT

Notes to the Financial Statements (Continued)
Year Ended December 31, 2003

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 decrease (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 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 payer 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 principal and interest on long-term debt is recognized when due.

E. Budgetary Practices

The District prepares and adopts a budget in accordance with LA R.S. 39:1301 et seq. The annual budget for the general fund is prepared in accordance with the basis of accounting utilized by that fund. All annual appropriations lapse at fiscal year end. Budgetary are amended when

ST. MARY PARISH COMMUNICATIONS DISTRICT

Notes to the Financial Statements (Continued)
Year Ended December 31, 2003

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

deemed necessary by the board of commissioners. The original budget was not amended during the current fiscal year; therefore, a comparison of amended budget to actual budget is not presented.

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.

F. Cash

Cash includes amounts in demand deposits and interest-bearing demand deposits.

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.

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. 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, 2003 totaled approximately \$3,870.

NOTE 2 – CHANGES IN ACCOUNTING PRINCIPLES

For the year ended December 31, 2003, the District has implemented GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for States and Local Governments*. GASB State No. 34 creates new basic financial statements for reporting on the District's financial activities. The financial statements now include government-wide financial statements prepared on the accrual basis of accounting, and fund financial statements which present information for individual major funds rather than by fund type which has been the mode

ST. MARY PARISH COMMUNICATIONS DISTRICT

Notes to the Financial Statements (Continued)
Year Ended December 31, 2003

NOTE 2 – CHANGES IN ACCOUNTING PRINCIPLES (CONTINUED)

of presentation in previously issued financial statements. The District also implemented GASB Statement No. 37, *Basic Financial Statements – and Management’s Discussion and Analysis – for States and Local Governments: Omnibus*, Statement No. 38, *Certain Financial Statement Note Disclosures*, and Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*.

The implementation of GASB Statement No. 34 caused the opening fund balance at December 31, 2002 to be restated in terms of “net assets” as follows:

Total fund balance - Government fund at December 31, 2002		\$ 140,542
Add: Cost of capital assets at December 31, 2002	93,710	
Less: Accumulated depreciation at December 31, 2002	<u>(76,322)</u>	<u>17,388</u>
Net assets at December 31, 2002		<u>\$ 157,930</u>

NOTE 3 – CASH

At December 31, 2003, the District has cash (book balances) totaling \$135,246. All deposits are in demand deposit accounts.

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 fiscal agent bank. 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, 2003, the District has \$148,943 in deposits (bank balances). These deposits are secured from risk by \$100,000 of federal deposit insurance and pledged securities having a market value at December 31, 2003 of \$65,750.

ST. MARY PARISH COMMUNICATIONS DISTRICT

Notes to the Financial Statements (Continued)
Year Ended December 31, 2003

NOTE 4 – RECEIVABLES

The following is a summary of receivables at December 31, 2003:

<u>Amounts due from:</u>	
Wireline providers	\$ 19,699
Wireless providers	<u>53,499</u>
	<u>\$ 73,198</u>

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2003 was as follows:

	<u>Balance</u> <u>1/1/2003</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2003</u>
Governmental activities:				
Furniture and equipment	\$ 93,710	\$ -	\$ -	\$ 93,710
Less: accumulated depreciation	<u>(76,322)</u>	<u>(5,467)</u>	<u>-</u>	<u>(81,789)</u>
Net capital assets	<u>\$ 17,388</u>	<u>\$ (5,467)</u>	<u>\$ -</u>	<u>\$ 11,921</u>

Depreciation expense in the amount of \$5,467 was charged to general government.

NOTE 6 – COMPENSATION PAID TO COMMISSIONERS

The Commissioners of the District received no per diem for the year ended December 31, 2003.

NOTE 7 – COMMITMENTS

The District entered into a rental/service agreement with Bellsouth 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 non-recurring charge (installment cost) of \$50,908 plus subsequent periodic monthly charges. The monthly charge of \$7,174 is made up of rental fees and service fees. The monthly services and related charges are on a month-to-month basis and can be cancelled upon notification.

ST. MARY PARISH COMMUNICATIONS DISTRICT

Notes to the Financial Statements (Continued)
Year Ended December 31, 2003

NOTE 8 – PENSION PLAN AND OTHER RETIREMENT BENEFITS

All full-time employees of the District are members of the Parochial Employees Retirement System of Louisiana, a multiple-employer (cost-sharing), public employee retirement system (PERS), controlled and administered by a separate board of trustees. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefits provisions. All employees of the District are members of Plan A.

All permanent employees working at least 28 hours per week whom are paid wholly or in part from District funds are eligible to participate in the System. Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 25 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final average salary for each year of creditable service. Final average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Parochial Employee's Retirement System, Post Office Box 14619, Baton Rouge, Louisiana 70898-4619 or by calling (225) 928-1361.

Plan members are required to contribute 9.50% of their annual covered salary. The District is required to contribute at a rate established by the Louisiana Legislature. The current rate is 7.75% of annual covered payroll. The District's actual contribution to the System for the year ended December 31, 2003 was \$14,856.

NOTE 9 – 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 from prior years.

ST. MARY PARISH COMMUNICATIONS DISTRICT

Notes to the Financial Statements (Continued)
Year Ended December 31, 2003

NOTE 10 – CONCENTRATIONS

Substantially all of the District's revenues are in the form of communications and cellular tax revenues. The Communications taxes collected during 2003 accounted for approximately 54% of the District's total revenues. The Cellular taxes collected accounted for approximately 45% of the District's total revenue received.

NOTE 11 – ADDENDA TO FINANCIAL REPORT REQUIRED BY LA R.S. 33:9101 ET SEQ

In accordance with Louisiana Revised Statute 33:9101 et seq. and the Louisiana Legislative Auditor Memorandum dated March 22, 2000, the following is a summary of revenues derived from wireless service charges, how such funds were expended, and the progress of Phase I implementation.

As of December 31, 2003:

Wireless service charge	<u>\$216,514</u>
Expenditures:	
Personal services and benefits	\$ 139,033
Repairs	1,634
Supplies	5,408
Other services and charges	<u>69,658</u>
Total expenditures	<u>\$215,733</u>

During the year ended December 31, 2003, the District received 10,112 wireline calls and 9,809 wireless calls. The wireless calls accounted for 49% of the total calls to the District. The District's equipment is Phase I ready and all wireless service providers have begun collecting the required service fee and have entered into cooperative endeavor agreements with the District.

**REQUIRED SUPPLEMENTARY
INFORMATION**

ST. MARY PARISH COMMUNICATIONS DISTRICT
Morgan City, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
General Fund
Year Ended December 31, 2003

	<u>Original</u>	<u>Amended</u>	<u>Actual</u>	Variance - Favorable <u>(Unfavorable)</u>
Revenues:				
Tax				
Wireline tax	\$ 280,000	\$ 261,452	\$ 259,179	\$ (2,273)
Cellular tax	160,000	159,473	216,514	57,041
Intergovernmental - FEMA grant	-	973	1,946	973
Total revenues	<u>440,000</u>	<u>421,898</u>	<u>477,639</u>	<u>55,741</u>
Expenditures:				
Public safety:				
Salaries and related taxes and benefits	294,825	292,921	283,740	9,181
Telephone and equipment rental	89,000	89,000	86,587	2,413
Cellular administration fee	27,100	22,100	22,042	58
Dues and subscriptions	600	300	1,331	(1,031)
Insurance	4,115	2,150	3,392	(1,242)
Postage	200	100	177	(77)
Professional fees	4,000	3,500	3,325	175
Repairs and maintenance	3,100	3,100	3,335	(235)
Supplies	7,200	7,200	11,037	(3,837)
Travel and training	5,500	5,500	1,544	3,956
Uniforms	500	1,000	-	1,000
Utilities	7,000	7,000	3,819	3,181
Capital outlay	9,800	9,800	-	9,800
Total expenditures	<u>452,940</u>	<u>443,671</u>	<u>420,329</u>	<u>23,342</u>
Excess of revenues over expenditures	(12,940)	(21,773)	57,310	79,083
Fund balance, beginning of year	<u>155,836</u>	<u>140,542</u>	<u>140,542</u>	<u>-</u>
Fund balance, end of year	<u>\$ 142,896</u>	<u>\$ 118,769</u>	<u>\$ 197,852</u>	<u>\$ 79,083</u>

The accompanying notes are an integral part of this statement.

**OTHER SUPPLEMENTARY
INFORMATION**

ST. MARY PARISH COMMUNICATIONS DISTRICT
Morgan City, Louisiana

Schedule of Insurance in Force
December 31, 2003
(Unaudited)

<u>Insurer</u>	<u>Type of Insurance</u>	<u>Coverage</u>	<u>Exp. Date</u>
Special Risk Ins., Inc.	Business personal property	Contents \$ 42,640	6/13/2004
Special Risk Ins., Inc.	Auto liability	Each accident Uninsured motorist \$1,000,000 \$1,000,000	6/13/2004
CAN Ins., Inc.	Workers compensation	Each accident Policy limit \$1,000,000 \$1,000,000	12/31/2003
Special Risk Ins., Inc.	Management liability	Aggregate Each accident \$2,000,000 \$1,000,000	6/13/2004
Special Risk Ins., Inc.	General liability	Aggregate Each accident \$2,000,000 \$1,000,000	6/13/2004

REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

**COMPLIANCE
AND
INTERNAL CONTROL**

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CERTIFIED PUBLIC ACCOUNTANTS

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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING 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 the financial statements of the St. Mary Parish Communications District (the "District") as of and for the year ended December 31, 2003, and have issued our report thereon dated June 25, 2004. 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.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts, 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 District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize, and report financial data consistent

described in the accompanying schedule of findings and questioned costs as items 2003-1 and 2003-2.

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 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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable conditions described above as 2003-1 and 2003-2 to be material weaknesses. We also noted two other matters involving the internal control over financial reporting that we have reported to management in a separate letter dated June 25, 2004.

This report is intended solely for the information of the District's management, the Louisiana Legislative Auditor, and the finance committee of the St. Mary Parish Council and is not intended to be and should not be used by anyone other than these specified parties. However, under the provisions of Louisiana Revised Statutes 24:513, this report is a matter of public record and its distribution is not limited.

Guidry, Chauvin & Taylor
Certified Public Accountants

Franklin, Louisiana
June 25, 2004

ST. MARY PARISH COMMUNICATIONS DISTRICT
Morgan City, Louisiana

Summary Schedule of Prior Year Findings
Year Ended December 31, 2003

2002-1 Finding: Lack of signed agreements with wireless service providers

Status: This finding has been resolved. The District has obtained signed cooperative endeavor agreements with each wireless service provider operating within St. Mary Parish and is collecting the appropriate user fee from these service providers.

ST. MARY PARISH COMMUNICATIONS DISTRICT
Morgan City, Louisiana

Summary Schedule of Audit Results
Year Ended December 31, 2003

Part 1 Summary of Auditor's Results:

FINANCIAL STATEMENTS

Auditor's Report

An unqualified opinion was issued on the financial statements.

Reportable Conditions – Financial Reporting

One reportable condition in internal control over financial reporting was disclosed during the audit of the financial statements and are shown as item 2003-1 in Part 2 and is considered a material weaknesses.

Material Noncompliance – Financial Reporting

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

FEDERAL AWARDS

This section is not applicable for the year ended December 31, 2003.

Part 2 Findings Relating to an Audit in Accordance with *Government Auditing Standards*

2003-1 Inadequate Segregation of Accounting Functions

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

Recommendation: Based on the size of the operation and the cost/benefit of additional personnel, it may not be feasible to achieve complete segregation of duties at this time.

ST. MARY PARISH COMMUNICATIONS DISTRICT
Morgan City, Louisiana

Summary Schedule of Auditor Results
Year Ended December 31, 2003

2003-2 Lack of Policy Covering Cellular Phone Usage

Finding: The District presently lacks a policy under which the use of the District's cellular phones is dictated.

Recommendation: The District should adopt a formal written policy that provides guidance for the business use and care of District-provided cellular phones and define the extent to which the phones may be used for personal calls. To that end, the board should monitor the usage of the phones to ensure that its cellular phone contract/plan is appropriate and cost-effective to meet the District's needs. If District personnel are to be allowed to make personal calls on the District's cellular phones, the District should require the employee to reimburse the District for the cost of those personal calls using an appropriate standard rate per minute of usage.

Part 3 Findings and Questioned Costs Relating to Federal Programs

At December 31, 2003, the District did not meet the requirements to have a single audit in accordance with OMB Circular A-133; therefore, this section is not applicable.

Part 4 Management Letter

A management letter dated June 25, 2004 was issued to the District in conjunction with the issuance of the auditor's report on the financial statements. The management contained two comments that are identified in the management letter and on management's corrective action plan for current year findings as 2003-3 and 2003-4.

ST. MARY PARISH COMMUNICATIONS DISTRICT
Morgan City, Louisiana

Management's Corrective Action Plan for Current Year Findings
Year Ended December 31, 2003

2003-1 Inadequate Segregation of Accounting Functions

No response is considered necessary to this finding.

2003-2 Lack of Policy Covering Cellular Phone Usage

Management concurs with this finding. The District is currently developing such a policy.

2003-3 Failure to Timely Remit Employee Deferred Compensation Withholdings

Management concurs with this finding. The withheld funds are being remitted at this time. In the future, deferred compensation contributions withheld from employees will be remitted on a monthly basis.

2003-4 Failure to Timely File Payroll and Retirement Quarterly Reports and Pay Amounts Due

Management concurs with this finding. During the year ended December 31, 2003, the District underwent some turnover with changes in executive directors and some board members. This caused some delay in ensuring that required payroll and retirement reports were filed on time. We are working with our accountant to ensure that, in the future, all such reports and the required deposits are being made on a timely basis.

MARSHALL W. GUIDRY, CPA
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MANAGEMENT LETTER

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

RECEIVED
LEGISLATIVE AUDITOR
04 JUL - 1 AM 11:52

We have audited the primary government financial statements of the St. Mary Parish Communications District, as of and for the year ended December 31, 2003, and have issued our report dated June 25, 2004. 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.

As part of our examination, we have issued our report on internal control and compliance with laws, regulations, contracts, and grants, dated June 25, 2004.

During the course of our examination, we became aware of the following matters, which represent immaterial deviations of compliance or suggestions for improved internal control.

2003-3 Failure to Timely Remit Employee Deferred Compensation Withholdings

- Criteria:** Funds withheld from employees for retirement plan contributions should be promptly remitted to the retirement system as required by federal and state law.
- Condition:** Since August 2003, amounts have been withheld from the paycheck of a certain District employee electing to participate in the Louisiana Deferred Compensation Plan but the funds have not been remitted to the plan.
- Effect:** The effect is two-fold. The effect to the District is that the District may be in violation of federal laws regarding the collection and remittance of employee retirement contributions. The effect to the employee is that they are losing out on the earnings, however small, that will be generated by the investment of these funds.

Recommendation: We recommend that the District promptly remit the withheld funds to the state retirement system. Additionally, we recommend that the District initiate policies and procedures that will ensure that funds that are withheld from employees' paychecks will be remitted promptly to the appropriate agency for which the funds were withheld.

2003-3 Failure to Timely File Payroll and Retirement Quarterly Reports

Criteria: Management is responsible for the timely filing of the appropriate regulatory reporting forms (and payment of any required taxes) as required by the Internal Revenue Service and the State of Louisiana and its agencies.

Condition: Quarterly 941 forms and quarterly Parochial Retirement System reports have been filed after the deadline for filing these returns and have generated late filing penalties. Additionally, payroll tax deposits have been made that were not in accordance with the deposit schedule as set forth by the Internal Revenue Service. Parochial retirement system contributions, due with the filing of the quarterly report, are due on the last day of the month following the quarter ending March 31, June 30, September 30, or December 31. These late deposit payments have also generated late penalties.

Effect: The District has incurred penalties for late filing of reports and late payment of taxes, which are completely unnecessary.

Recommendation: The District should initiate policies and procedures to ensure that the required reporting forms for payroll and retirement be prepared and remitted prior to the deadline for filing and that all taxes/contributions be remitted according to the deposit requirements as set forth by the regulatory agency.

We recommend that management address the foregoing issues as improvements to operations. We are available to further explain the suggestions or to help implement the recommendations to the extent that applicable auditor independence rules will allow our participation.

Sincerely,

Guidry, Chauvin & Taylor
Certified Public Accountants

Franklin, Louisiana
June 29, 2004